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IG Metall threatens engineering strike over 6% pay claim

Germany's biggest trade union, IG Metall, turned up the temperature in this year's pay round yesterday by threatening to call a strike ballot in the engineering industry if employers offered no response to its 6 per cent pay claim by tomorrow.

Klaus Zwickel, head of the union, said a date would be set for a strike ballot if Gesamtmetall, the employers' federation, did not "put a serious offer on the table" in the next day or two. Page 16

Pearson, media and entertainment group which owns the Financial Times and has long wanted a foothold in the south-east Asian television market, is expected to announce today the acquisition of a 9.9 per cent stake in Hong Kong-based Television Broadcasts for HK$1.3bn ($166m). Page 17

Advisers for sell-off chosen: Kleinwort Benson, UK investment bank, and Lehman Brothers of the US have won the hotly contested mandate to advise on the privatisation of Taiwan Power Company. Page 18

Mandela under pressure over wife

President Nelson Mandela of South Africa is under mounting pressure to sack his estranged wife Winnie (left) from the government of national unity. The top 11 executive committee members of the powerful women's league of the ruling African National Congress resigned at the weekend in protest at what they say is the undemocratic behaviour of Mrs Mandela, deputy minister of arts and culture and the league's president. Page 16

US praise for Bulgaria: Bulgaria will today receive recognition for its calming role in the volatile Balkans when President Zhelyu Zhelev meets President Bill Clinton at the White House. Page 2

Italy aims to raise Ecu5bn loan: The Italian treasury will today announce it is seeking a five-year Ecu5bn ($6bn) loan from international banks in order to redeem maturing Italian government bonds denominated in Ecu. Page 17

Levy will fund China dam: Chinese people will pay a levy on their electricity bills to help fund the Three Gorges Dam project, an official report said. Profits from the Gezhouba Dam will also go towards the project.

Slow progress for CIS: A multi-speed Commonwealth of Independent States seems likely to develop after leaders of the 12 member states failed to make substantive progress towards closer economic and political integration at their recent summit in Kazakhstan. Page 2

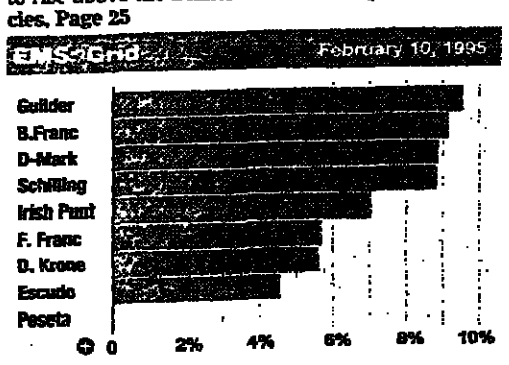
Deal nearer on Algerian debt: Algeria and its commercial bank creditors inched closer to a deal on rescheduling the country's $4.5bn commercial debt through on a three-year credit facility. Page 4

Clinton looks to use veto: US president Bill Clinton this weekend threatened to cast his first veto against efforts by the new Republican majority in Congress to rework much of last year's crime bill. Page 6

Railtrack, which has responsibility for most elements of UK railway infrastructure, is to spend £100m ($156m) more than originally estimated to adapt the rail network north and west of London to allow the passage of Channel tunnel trains. Page 7

Chechens claim missile site hit: Chechnya said its forces blew up a former Soviet missile launching site near Alkhan-Kala, south-west of Grozny, killing 250 of the Russian soldiers who were controlling it.

European Monetary System: The gap between strongest and weakest currency in the EMS grid fell by about 1 percentage point last week as the Spanish peseta firmed on the back of reduced political uncertainty. The firmer French franc also managed to rise above the Danish krone in the grid. Currencies, Page 25



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

Bid for Skopbank likely: The Finnish banking group to be formed by the newly announced merger of Kansallis-Osake-Pankki and Union Bank of Finland is already contemplating extending its powerful market position by bidding for Skopbank, a state-owned wholesale unit. Page 19

Ramos moves on water shortage: President Fidel Ramos of the Philippines is pressurising the Senate to grant him emergency powers to tackle a Manila water shortage which is harming the country's image among foreign investors. Page 3

Mexican uprising may fuel fears over economic deal

By Leslie Crawford in Mexico City

The Mexican army claimed to have taken control yesterday of a dozen small towns formerly held by the Zapatista National Liberation Army in the southern state of Chiapas as it hunted for the leaders of a 13-month-old peasant uprising.

The army said it had encountered little resistance from the Zapatistas, who have retreated deep into jungle on the border with Guatemala. However, the instability in Chiapas could contribute to international concerns about Mexico and its financial health.

The killing of a policeman and an army colonel in a rebel ambush on Friday has raised the prospect of a protracted guerrilla war, and on Saturday, in Mexico City, tens of thousands of anti-government protesters filled the capital's main square.

President Ernesto Zedillo ordered the arrest of the Zapatista leadership late last week following the discovery of arms caches in Mexico City and in the state of Vera Cruz. He said the finds were proof the Zapatistas were planning to unleash "acts of violence" across the country.

The arrest orders spelled the end of an uneasy truce in Chiapas and of the government's efforts to solve the conflict through negotiations. The national defence ministry said 2,500 troops, 33 aircraft, 30 tanks and 32 armoured vehicles were involved in the military operation in Chiapas.

The rebels' charismatic military leader, Subcomandante Marcos, pledged at the weekend to continue his guerrilla war.

"They are trying to annihilate us, but surrender is not in our plans," he said. "We will be in the mountains, resisting."

It was not clear how the military operation in Chiapas would affect voting for a new governor and 124 mayors in the state of Jalisco yesterday. The ruling Institutional Revolutionary party (PRI) was hoping President Zedillo's offensive against the Zapatistas would give them a last-minute edge over the conservative National Action party (PAN).

A PAN victory would mark only the fourth time the PRI has lost a state in its 65 years of unbroken rule. The elections in Jalisco, Mexico's second most-populous and prosperous state, are the first to be held under Mr Zedillo's two-month-old presidency, and as such, are being regarded as a referendum on his government.

The economic crisis which has engulfed Mexico since the devaluation of the peso in December has made Mr Zedillo's government deeply unpopular, and many government officials fear a defeat in Jalisco could further undermine the president's tenuous authority over the ruling party.

Zedillo pushes ahead with state sell-off, Page 6

New effort on Mideast is pledged by Clinton

Peace process at 'critical moment', says US president

By George Graham in Washington

Benny Gaon, Israel's Mr Turnaround ....Page 12

Mr Bill Clinton, the US president, yesterday attempted to revive the stalled Middle East peace process, as Washington hosted a meeting of foreign ministers from Israel, the Palestine Liberation Organisation, Egypt and Jordan.

"We are in a critical moment of the peace process," Mr Clinton said at the opening of a meeting with the ministers. "We are prepared to redouble efforts to put the peace process back in full gear."

Mr Warren Christopher, US secretary of state, presided over the session yesterday with the foreign ministers, while Russia, which is co-sponsoring the Middle East peace process with the US, was represented by a deputy foreign minister.

Until yesterday, the US had been wary of taking an active role in the talks, arguing that as an outside power it cannot push the peace process further than the direct participants are willing to go. But the significance of the meeting was increased by the participation yesterday of Mr Clinton.

Mr Yassir Arafat, the PLO chairman, had urged the US to intervene, calling for pressure on Israel from Washington to speed up the withdrawal of its troops from Gaza and Jericho. The PLO also wants Israel to agree quickly on elections in the Palestinian territories.

But Israeli officials dismissed Mr Arafat's call as posturing, and were cool about the idea of direct US intervention in the negotiations. The Israeli government has refused to take further steps because of worries that the Palestinian authorities have not done enough to end terrorist attacks against Israel by extremist Palestinian groups.

"The continuation of negotiations and the war against terrorism go together, but that is not a reason to abandon negotiations," Mr Shimon Peres, the Israeli foreign minister, said in an interview with Israeli state radio before the multilateral session began.

Mr Clinton urged all sides to take economic advantage of the accords that Israel has signed with Egypt, Jordan and the PLO, suggesting they set up industrial free trade zones. He pledged to support these zones by asking Congress to remove duties on imports from them.

"I want to do our part," Mr Clinton said. "We need to move as quickly as we can to prove there are economic benefits to peace."

Crosses for nine European cities ravaged by war marked Dresden's remembrance yesterday of its own destruction 50 years ago by British and US bombers. A service held in the city's Hofkirche Catholic church commemorated victims of the raids on February 13 and 14 1945 Reuter

SBC 'may have breached insider rules'

By Robert Peston and David Wighton in London

The government has received advice from a senior QC that Swiss Bank Corporation may have breached insider dealing rules in its controversial purchases of electricity shares ahead of Trafalgar House's £1.2bn bid for Northern Electric.

No decision has been taken by the UK Department of Trade and Industry on whether to launch a formal insider dealing probe. However, the disclosure comes as a decision approaches on whether a separate investigation is to be launched by the Securities and Futures Authority, regulator of SBC's securities businesses.

Separately, Mr Michael Heseltine, the Trade and Industry Secretary, is expected imminently to decide whether to refer Trafalgar's bid to the Monopolies and Mergers Commission.

The advice from the QC to the DTI and the Treasury apparently contradicts the views of Mr Richard Sykes, QC, the leading barrister hired by SBC.

Mr Rudi Bogni, head of SBC's UK operations, confirmed that SFA representatives had been conducting interviews with executives involved in the complicated derivatives operation.

There has been speculation that Mr Bogni would resign from his other position as a director of the SFA if the regulator launches a formal investigation. However, Mr Bogni said yesterday he had no intention of standing down in such circumstances.

The main allegation against Swiss Bank, which was advising Trafalgar House, is that its market makers made unfair use of privileged information when they built up an 8 per cent stake in Yorkshire Electricity and a 3 per cent stake in Northern.

The stakes were increased significantly after Swiss Bank entered into controversial derivatives contracts with Trafalgar ahead of the bid.

The contracts, which required Swiss Bank to pay a sum linked to a rise in the shares prices of several electricity companies, have yielded Trafalgar a profit of £8m since it announced the bid.

There is no suggestion that the marketmakers knew that a bid for an electricity company was planned. But the SFA preliminary investigations suggest that by passing the contracts over to its marketmakers the corporate finance department was indirectly imparting privileged information.

Institutional investors are

Continued on Page 16

Tokyo state banks merger plan shelved after dispute

By William Dawkins and Gerard Baker in Tokyo

A divided Japanese government has shelved a plan to merge two state banks, embarrassing Mr Tomiichi Murayama, the prime minister, who had pledged to curb the public sector.

It follows a dispute between the three ruling coalition partners and bureaucrats, and is a victory for the conservative finance ministry, the strongest government department.

A proposal by the Liberal Democratic party to merge the ministry-controlled Japan Development Bank with the Japan Export-Import Bank was put off, for consideration again in the summer. Both banks, set up in the early 1950s to provide cheap loans to domestic industry and international traders respectively, also provide well paid jobs for retired finance ministry bureaucrats.

It marks the latest stage in a struggle for policymaking power between Japan's bureaucratic mandarins and their political would-be masters, and reverses traditionally close relations between the ministry and the LDP, senior partner in the government coalition. "This is war," said a senior LDP official.

Mr Murayama, a Socialist, was attacked by business groups and the opposition yesterday for failing to live up to his promise to trim Japan's bureaucracy, increasingly criticised for being more sensitive to its prestige than its responsibilities.

Mr Toshiki Kaifu, leader of the opposition alliance, the New Frontier party, said Mr Murayama bore a "grave" responsibility. Mr Takeshi Nagano, president of the Nikkeiren employers' federation, dismissed a scaled-down compromise plan, agreed after an all-night bargaining session, as "perfunctory".

The LDP's attempt to stage a test of strength against the ministry ran into opposition from the smallest coalition partner, the New Harbinger party, headed by Mr Masayoshi Takemura, finance minister.

He said much more time was needed to consider the plan and proposed an alternative, whereby the Japan Development Bank would merge with a regional development bank, leaving the Export-Import Bank untouched. This degenerated into a dispute between the LDP and NHP, possibly weakening coalition unity, said political officials.

The coalition managed to agree on the merger of 14 organisations, most too small or politically weak to attract powerful defenders. The most important is the Institute of Developing Economies, an academic and training body, due to be taken over by the Japan External Trade Organisation.

Both of these bodies are controlled by the Ministry of International Trade and Industry.

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira60	Slovak Rp	SK31.60
Cyprus	C£1.70	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK35	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Esc230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

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NEWS: EUROPE

Time running out for US-EU nuclear deal

Lucy Plaskett on wide repercussions should the current agreement lapse

European Commission officials and the US State Department meet in Brussels today aware that time is tight if the US and Europe are to renew their nuclear co-operation agreement before the existing one expires at the end of 1995.

Failure to get a new agreement in place by the end of the year would mean an immediate halt to US exports of nuclear material and equipment to Europe.

Under US law, such trade can only take place with countries that the US has a co-operation agreement with.

It could also have a negative impact on international negotiations to extend the nuclear non-proliferation treaty (NPT), due to start in April.

The present agreement, dating from the late 1950s, was set up to enable Europe to develop its nuclear energy industry. It regulates the transfer of nuclear materials, technology and equipment from the US to Euratom – the nuclear arm of the European Union. Under the deal Europe promises to apply strict Euratom safeguards to the material to assuage US concerns about nuclear proliferation.

But despite intensive negotiations over the past three years, the two sides cannot now agree on terms for its renewal.

Any new agreement must first be passed by the US administration, which can take at least two months – the executive took nearer 10 months to approve a similar nuclear agreement with Japan in the late 1980s. It must then be laid before the US Congress for 90 days of continuous session – no vote is needed – which can take up to six months.

"It's a time crunch. We are certainly very close to a point where it will be impossible to avoid a gap," said a US official.

The tempo of negotiations has recently been stepped up. In late January Sir Leon Brittan, EU trade commissioner, and Mr Alain Juppé, French foreign minister, raised the issue in talks in Washington with Mr Warren Christopher, US secretary of state.

The key sticking point between the two sides is over the extent of future US controls on nuclear material of US origin. Washington is insisting that any new agreement must be brought into line with more stringent US domestic legislation passed since the 1950s.

The nuclear non-proliferation act (NNPA) of 1978, passed by the Carter administration, requires the US to give its prior consent to the enrichment or reprocessing of US-origin nuclear fuel, and to the storage of sensitive material like plutonium. Since 1978 the US/Euratom deal has been given an annual waiver from NNPA rules, but this cannot continue when it expires.

But the EU, the US's oldest partner in nuclear co-operation, rejects the idea of having to get prior US consent for fuel cycle operations in Europe. Brussels maintains that Euratom nuclear safeguards, which comply with international rules under the NPT, are more than sufficient to keep track of nuclear material.

EU officials point to the fact that a clause within the NNPA will allow the US to waive the rules for Euratom. But such a waiver would stand no chance of being passed by a US Congress concerned about nuclear proliferation, says Washington.

To date Europe has also rejected the US offer of giving long-term "programmatic" consent rights for the lifetime of the agreement – rather than on a case-by-case basis – concerned that such approvals could be withdrawn unilaterally by future US administrations.

The nuclear industry on both sides of the Atlantic has been pushing for negotiators to strike a deal as soon as possible. For US nuclear companies, a lapse in the agreement would not only affect their ability to sell enrichment services, material and equipment to Europe, but could also affect trade to Japan.

Japanese utilities might stop buying US nuclear material if they could not then send it to Europe for reprocessing.

"We are very concerned... such a lapse would affect our ability to market round the world", said Ms Cheryl Moss, of the Washington-based Nuclear Energy Institute which represents nearly 400 US companies. According to the London Uranium Institute, some European utilities are already not loading US fuel in their reactors because of uncertainty about future controls over the material.

For Europe, a long-term gap could affect the ability of British Nuclear Fuels and France's Cogema to negotiate reprocessing contracts with Japanese utilities, which largely use US-origin fuel.

On a political level there is also concern that failure to reach agreement before April could adversely affect efforts to extend the NPT. Mr Fred McGoldrick, of the State Department's bureau of political and military affairs and a US negotiator, told the US Senate energy committee last September that failing to renew the US-Euratom agreement "would not augur well for the ability of the US and the European Union to collaborate successfully to meet the non-proliferation and nuclear challenges that the international community will face in the years ahead".

Lucy Plaskett is editor of the FT newsletter EC Energy Monthly

Balladur sticks to reformist agenda

By David Buchan in Paris

France's presidential campaign begins to take final shape today when Mr Edouard Balladur, the prime minister, reaffirms his reformist programme is still on track, despite his latest concessions to protesting students.

The premier's presidential rivals mocked his decision on Friday to suspend a ministerial circular on higher education that brought students out on to the streets of Paris for the second time in a week.

His main Gaullist rival, Mr Jacques Chirac, criticised the prime minister's vaunted "method" of reforming France by consensus as a muddled series of "little steps forward and back", while Mr Philippe de Villiers, the anti-Maastricht treaty conservative candidate, said the Balladur method consisted of "one step forward and two steps backwards".

Mr Balladur's habit of giving way in the face of opposition was "indicative of his powerlessness if he is elected", Mr Michel Rocard, a prominent Socialist, said yesterday.

Seeking to turn these attacks to his advantage, Mr Balladur, who officially launches his campaign today, claimed they showed that appeasement of the students took political courage. "Even though I am being criticised for this [suspending the circular], I have not the slightest intention of changing my attitude", he said at the weekend.

A year ago Mr Balladur retreated in the face of massive youth protests against his plan to encourage the employment of young people by allowing companies to pay them less than the national minimum wage in return for training. Students from France's university technology institutes (IUTs) formed the backbone of that revolt; last week they took to the streets again to protest a circular that limited their access to full university courses.

Determined not to tread on the same political banana skin twice, Mr Balladur has now left it to Mr François Fillon, the higher education minister, to discuss the IUTs with student unions tomorrow.

The prime minister's anxiety to keep his opinion poll lead is reflected in the words of one of his senior campaign strategists that "the others [Mr Balladur'rivals] cannot win, but we could still lose". Any misstep he makes on education could well be exploited by Mr Lionel Jospin, the Socialist presidential candidate and a former education minister, or by Mr Chirac, who is to make his programme announcement on Friday.

● Reuter adds from Paris: Mr Charles Pasqua, interior minister, is seeking an appeal against a Paris court ruling that rebuffed the French police in a phone-tapping scandal.

The court ruled last week that police had illegally gathered evidence in an extortion probe linked to France's main political party, the RPR. The court ordered the evidence scrapped.

Mr Pasqua wants to clarify rules for telephone tapping to help police who investigate 15,000 cases of blackmail and extortion in France every year, officials say.

Mutual suspicions hit CIS integration hopes

By John Thornhill in Moscow

A multi-speed Commonwealth of Independent States seems likely to develop after leaders of the 12 member states failed to make substantive progress towards closer economic and political integration at their recent summit in Alma Ata, the Kazakh capital.

Mr Nursultan Nazarbayev, the president of Kazakhstan, who hosted the summit, had hoped the meeting would speed up the impetus for creating a Eurasian union between the former Soviet Union republics. But the national tensions and mutual suspicions which still bedevil the organisation four years after its creation thwarted such ambitions.

Even a pact for peace and stability within the CIS, which Mr Nazarbayev had wanted to be the summit's showpiece achievement, was diluted. The leaders could agree only on a non-binding memorandum reiterating bland principles of non-coercion between member states.

"The structures of the CIS are just so loose that it has not worked. There is a lot of rhetoric but almost no substantial movement," said one diplomat in Alma Ata.

The heads of government, however, did make some progress in developing closer economic ties. Further steps were taken to bolster the Inter-State Economic Committee, which was first mooted in October as a supranational body responsible for co-ordinating economic policy within the CIS. The heads of government proposed that Mr Alexei Bolshakov, a Russian deputy prime minister, should head the Moscow-based committee – although it is understood that some states were unhappy with the choice.

Diplomats suggest it is increasingly likely that a series of regional groupings, which have more modest ambitions but which are rooted more firmly in economic self-interest, may be able to achieve more concrete results than the cumbersome CIS.

Kazakhstan, Uzbekistan and Kyrgyzstan held separate meetings at the summit's fringes to develop the "common economic space" which they established last year.

Russia, Belarus and Kazakhstan have also made progress in developing a single customs zone and appear to be on the fast track towards further integration. In a series of bilateral agreements, Kazakhstan and Russia have promised to remove internal borders and allow free movement of their citizens across each other's borders.

The Russian army will also conduct joint operations and border patrols with Kazakh forces and have access to four testing ranges within the country.

Mr Nazarbayev may be taking much on trust in developing such close links with Russia. Although he and Mr Boris Yeltsin, Russia's president, may know each other well since their days together in the Soviet politburo, neither leader can guarantee such harmony will outlast their personal relationship. But Mr Nazarbayev is also bowing to the political reality that 40 per cent of Kazakhstan's 17m people are ethnic Russians uneasy about their status.

INTERNATIONAL PRESS REVIEW

Kazakh editors inject some spice into regional press

KAZAKHSTAN

By Steve LeVine

As expected, Central Asia's official press declared last Friday's Commonwealth of Independent States summit a roaring success and happily ignored the fact that the post-Soviet leadership had achieved almost precisely the opposite.

Kazakhstan Pravda crowed that co-operation was going so well that CIS economic "integration is developing twice as quickly" as it previously was. The Uzbekistan newspaper *Pravda Vostoka* injected only the cautionary note from President Islam Karimov that economic reintegration "takes time".

Such praise is not surprising, especially since Kazakhstan's President Nursultan Nazarbayev is the chief proponent of economic reintegration among the 12 CIS republics. But it is also characteristic of Central Asian journalism which, unlike that elsewhere in the CIS, has survived almost unchanged since pre-perestroika days. Government still finances almost all the region's newspapers, and demands unswerving loyalty from them. In Turkmenistan, for example, newspapers almost deify President Sapurmurat Niyazov.

Thus, newspaper editors were duty-bound to discover the official "truth" about a summit that much of the western press branded a failure.

Kazakhstan Pravda, reflecting Mr Nazarbayev's new warm relationship with Moscow, even found front-page space to compliment Russian President Boris Yeltsin. Mr Yeltsin, who failed to appear at his scheduled news conference with Mr Nazarbayev at the end of the summit, "showed good standards", the newspaper said.

A glimmer of independence, however, has developed in Kazakhstan, where interesting and even racy newspapers are to be found.

Central Asia's most credible newspaper by far is the weekly *Panorama*. It, for example, cast doubt on Mr Nazarbayev's showpiece summit proposal for a "peace pact" among the CIS presidents, saying that the diluted approved version was unlikely to solve the conflicts brewing in several of the republics. It was more probable, the newspaper suggested, that Russia demanded a watered-down version because the original proposal might oblige Moscow to stop the bloodshed in Chechnya.

All Central Asia's press, however, pales in comparison with the newspaper *Karavan*, published in the Kazakhstan capital, Alma Ata. *Karavan* is easily Kazakhstan's most popular and richest newspaper – seemingly everyone in Alma Ata reads it.

Four times a week it publishes a colour edition called Blitz, which usually features a naked girl on the front page, and more such photographs inside. Its weekly black-and-white version, published on Fridays, includes a regular front-page column called Suicide of the Week.

The independent Kazakh newspaper Karavan takes a wry look at economic life. The caption reads: 'I advise you to invest all your money in the electronics industry'

Central Asia's press pales in comparison with Karavan

Karavan publishes a mix of rumour, advice and investigative reporting. The newspaper has gained respect, for example, by taking on Alma Ata's powerful former mayor, and publishing detailed articles on the discontent of Kazakhstan's Russian population.

Panorama behaves independently because of its private backing from Kazakhstan businessmen. But *Karavan's* financial success derives from its virtual monopoly on classified advertisements – almost anyone buying or selling anything in Kazakhstan advertises goods or services in the newspaper.

The newspaper is owned by Mr Boris Giller, a businessman who launched it at about the time of the Soviet Union's break-up. Since he has become wealthy he has gone into Hollywood film producing. Mr Giller is, by local standards, a colourful character and is always accompanied by a bodyguard.

However, his newspaper does raise the question of how it has managed not to offend Kazakhstan's largely Moslem population. One explanation is that Islamic fundamentalism has not taken hold in Kazakhstan, and *Karavan* simply appears to appeal to a broad range of tastes.

This does not mean that a regional journalistic revolution is on the horizon. Instead, *Karavan* is simply a reflection of Central Asia's complexity - Kazakhstan politics is able to withstand tabloid journalism. But Uzbekistan newspaper readers are likely for some time to hear of Mr Karimov's latest dazzling successes.

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F

US rewards Bulgaria's territorial discipline

By Theodor Troev in Sofia and Anthony Robinson in London

Bulgaria will receive US recognition for its calming role in the volatile Balkan region today when President Zhelyu Zhelev and Mr Georgi Pirinski, the newly appointed foreign minister, meet US President Bill Clinton and senior officials at the White House.

Common borders with Serbia and Macedonia to the west and Greece and Turkey, rival Nato members, to the south have placed a heavy responsibility on Bulgaria to play down long-standing historical claims to part of Macedonia and support US-led efforts to prevent the Yugoslav conflict spreading there. This would risk igniting a wider conflict involving Greece, Turkey and Albania.

The visit to the US also provides the first opportunity for the new socialist government, elected in December, to meet US investors following the renegotiation and reduction of Bulgaria's foreign debt last year. Mr Roumen Gechev, finance minister, and Mr Dimitr Pavlov, defence minister, are accompanying the president.

On February 1 Bulgaria's association agreement with the European Union came into effect and last year Sofia signed up for the Nato Partnership for Peace initiative.

Mr Pirinski, 46, is an economist from the pro-market reformist wing of the ruling Socialist party who was born in New York as the son of a senior communist-era official. He will seek to dispel fears, at home and abroad, that the communist roots and pro-Russian leanings of many former communists in the Socialist party will prevent the new government from wholeheartedly pursuing European and Euro-Atlantic integration.

In an interview Mr Pirinski underlined that Bulgaria's foreign policy would be directed towards European integration. "There is no doubt that such an orientation corresponds to our national interest", he said.

But, with Russia anxious to build new transit oil pipelines carrying oil from central Asia through Bulgaria and Greece to the Aegean, Bulgaria is seeking to rebuild trade links with other former communist states and Black Sea nations.

"In the early 1990s our relations with traditional partners from eastern Europe were limited for political reasons. Now everyone recognises the need to revive them," Mr Pirinski said.

However, some opposition leaders fear the strong pro-Russian lobby in the Socialist party, some of whose members maintain close personal and business connections in the former Soviet Union. Mr Vassil Gotsev, vice-chairman of the anti-communist Union of Democratic Forces (UDF), said these old-style socialists might prefer regional security structures connected with the Balkan and Black Sea region to Nato.

"This would bring Bulgaria back to old-type alliances and will not be a guarantee for our national security, which can only be provided through Euro-Atlantic integration", he said. His words reflect a broad national consensus in favour of closer links with the EU and US.

New election code subdues Indian voters

By Shiraz Sidhva in Bombay

Parts of the western Indian state of Maharashtra and Bombay, its capital, went to the polls yesterday to elect a new state government. The polling was peaceful, although the fanfare that usually precedes an election was missing.

Heavy police deployment and strict imposition of a code of conduct stipulated by the Election Commission have changed the style of Indian election campaigning. Mr T N Seshan, the controversial chief election commissioner, has mobilised the police and the bureaucracy in each of the six states going to the polls this month and next to enforce the code.

Door-to-door campaigning and leaflets have replaced the big spending usually associated with Indian elections. Parties and candidates would formerly attempt to outdo each other with money-power, with big business houses "sponsoring" the political party they thought could do them the most good.

Each candidate in Maharashtra is allowed to spend Rs135,000 ($4,300) on the election campaign of approximately two weeks. This includes expenses on voting and counting days. In Gujarat, which goes to the polls on February 20 and 24, the limit is also Rs135,000.

Candidates in the ruling Congress (I) party in Maharashtra admit that during previous campaigns they spent more than 20 times the amount.

"People are complaining that they do not feel there is an election at all this time," says Mr Narhari Amin, Gujarat's deputy chief minister, who is Congress's candidate from Sabarmati in Ahmedabad, the state capital.

An autorickshaw with a loudspeaker and a man beating a drum are all that Mr Amin, the second most powerful politician in the state, can afford when he campaigns from door to door. "I can barely afford to send cards announcing election dates to each of my 284,000 voters," he said, praising Mr Seshan nevertheless.

Each candidate has been provided with a register and is expected to maintain day-to-day accounts, under 31 heads. Officials monitor every penny spent. Petrol for cars, tea and refreshments, a daily allowance for hangers-on at the party office, expenses for pasting and printing posters and rent for sites used to put up hoardings and posters all have to be accounted for.

In Gujarat there is little evidence of campaigning. Mr Pankaj Shah, Congress candidate from Gujarat's Shahpur constituency, points out that there are only three party offices in the area, compared with 103 for the last election. Banners and posters can only be put on private buildings, and the city corporation charges a daily rent. Public meetings can be held at street corners with special permission but the Rs25,000 rent levied by the corporation is a deterrent.

"Elections are no longer a free-for-all," said Mr G Subbarao, Gujarat's chief electoral officer.

Mr Seshan has also issued an order appointing observers in each state to check the abuse of religion, caste, community and language during election campaigning.

Media chief prepares to chaperon Deng Rong

Murdoch cultivates his Asian contacts

Mr Rupert Murdoch, chairman of News Corporation, the international media conglomerate, is this week expected to perform an unusual task.

He is scheduled to chaperon Ms Deng Rong, the daughter of China's ailing leader, Deng Xiaoping, at a press briefing in New York to promote her book *My Father Deng Xiaoping*.

According to Harper Collins, the News Corporation-owned publishers, Mr Murdoch has "taken a personal interest" in the book, and has been "very generous" in agreeing to promote it.

The Australian-born media baron's normal line of business does not include book promotion, but Ms Deng is not a "normal" author. The Harper Collins deal and the planned New York appearance with Ms Deng provide an intriguing perspective on Mr Murdoch's Asian strategy, in general, and his China focus, in particular.

In his efforts to secure maximum reach in Asia for his recently acquired loss-making Star television service, for which he paid $525m, Mr Murdoch has been indefatigable in his efforts to persuade regional power elites that he poses no threat to their political well-being. In pursuit of these aims, Mr Murdoch has been offering China and other countries anxious about the satellite "threat" access to what is known as "smart card" technology that would enable them to filter out unacceptable programming.

Mr Murdoch has also been seeking to reassure other regional leaders, notably Malaysia's Dr Mahathir Mohamad, who is particularly sensitive about "western" cultural influences. "He [Mr Murdoch] assured me that we could switch the programmes on and off. If we don't like a programme we can switch it off," said Dr Mahathir of Star's request to beam its programmes on Malaysia's monopoly Measat Broadcast Network System when it begins operations in 1996.

Mr Murdoch's promise to Dr Mahathir is interesting in light of views expressed in his London speech in September 1993, when he said: "Television created both a new means of entertaining and informing huge numbers of people, and the possibilities of totalitarian control by Big Brother laid out by George Orwell in his frightening *1984*. "We are almost a decade beyond Orwell's fateful date and he has been proved wrong. Advances in the technology of telecommunications have proved an unambiguous threat to totalitarian regimes everywhere."

Tony Walker and Simon Holberton on Chinese media prospects

Mr Murdoch has sought in the past year in single-minded pursuit of his global television ambitions to break down the barriers to Star's expansion in Asia by cultivating powerful individuals. It is a strategy Mr Murdoch has employed with dexterity over more than three decades in promoting his ever-expanding media interests – first in Australia, then in Britain and the US and now in Asia.

But China, with its opaque system, its shifting power centres, and the uncertainties of the present political transition, presents a special challenge. It is not clear that Mr Murdoch, in spite of significant investment in time and money, has yet persuaded the Chinese to open their skies and cable networks to Star programmes; there is little doubt, however, that he has been making progress.

Star TV claims to broadcast to some 53.7m households across Asia with an estimated viewing audience of 220m. It claims to reach more than 30m homes in China alone. Access to the country's growing cable networks would vastly extend this reach.

The Murdoch-Deng family connection provides a window on one of the avenues being explored into the mysterious world of Chinese decision-making. But the problem for Mr Murdoch and others who have sought to exploit this connection is whether it will continue to be fruitful as Mr Deng's life ebbs away, and the Deng clan's influence wanes.

In Hong Kong, China analysts believe that Mr Murdoch should be casting his net wider among China's leaders. As Mr Nick Moakes, China analyst at S G Warburg, says: "The Deng family may not be in the same position to help in six months as it is now. The Deng family in itself is not powerful; it is only powerful as long as Deng is alive."

Position of influence: Deng Rong, pictured on television at the side of her father Deng Xiaoping *Reuter*

In the meantime, Mr Murdoch has been working hard in a more tangible way to establish his credentials in China. In April 1994, Star dropped BBC World Service Television; its news and current affairs programmes had infuriated Beijing.

Mr Murdoch has been active in sports promotion, acquiring the rights last July to broadcast Chinese soccer matches live, and bidding for the forthcoming World Table Tennis championships in Tianjin.

The Murdoch organisation has also been seeking to chip away at resistance to its becoming engaged in mainland publishing ventures. In 1993, reports surfaced in Shanghai of an agreement to publish a lifestyle magazine, but this project was vetoed by Beijing. News Corporation has also been exploring chances of a financial publication – possibly in partnership with People's Daily, the Communist party newspaper.

Mr Murdoch has also been active in popular entertainment, engaging in about 60 production ventures and joint broadcasts in China last year, according to Ms Margaret Picariello, Star's corporate affairs manager.

Mr N K Leung, director of Chinese programming for Star TV, describes co-operation with China as "good". "There are some misconceptions about Star TV; it is viewed as having problems in China. But it comes out clean from all the contacts I have made in China," he says. "Our Chinese channel is a general purpose entertainment channel. We stay away from current affairs and politics."

Mr Murdoch's interests apparently stretch beyond media.

According to the Australian embassy in Beijing, News Corporation is helping to cover the bill for a visit to Australia by a troupe of disabled performers. Mr Murdoch offered support after it seemed the tour could not proceed because of a lack of funds. The head of the Chinese Disabled Persons' Federation is Deng Pufang – Mr Deng's elder son.

UN claims Afghan peace agreement

By Farhan Bokhari in Islamabad

The United Nations said at the weekend that the warring mujahideen factions in Afghanistan had agreed on a new peace formula which could end the country's three-year power struggle.

However, it was far from clear whether all the parties would be prepared to lay down their arms. Also, there were reports that a new group of Islamic fundamentalist students, the Talibaan, had come within striking distance of the capital, Kabul. Mujahideen factions in Pakistan said that up to 4,000 Talibaan fighters were regrouping about 20km from the city.

The UN statement, issued in Islamabad from the office of Mr Mahmoud Mestiri, the UN ambassador for Afghanistan, said that "a broadly based mechanism of prominent Afghan personalities and representatives of political parties" will meet before February 20 to transfer power from the government of Mr Burhanuddin Rabbani.

The transfer would finally see the end of the rule of Mr Rabbani who remained in office despite bombardment of Kabul by forces loyal to Mr Gulbaddin Hikmatyar, the former prime minister.

The new arrangement resulted from UN-sponsored negotiations. Western diplomats said that "mechanism" meant a council of up to 30 Afghans, who would take power and possibly choose an interim national leader. The council would try to establish a ceasefire across Afghanistan.

Ramos seeks power to turn taps back on in Manila

By Edward Luce in Manila

President Fidel Ramos of the Philippines is putting pressure on the Senate to grant him emergency powers to tackle a water shortage which is plaguing Manila and harming the country's image among foreign investors.

Citing the success of similar executive powers used 18 months ago to solve electricity "brownouts" in the capital, Mr Ramos is seeking fast-track authority so that water supplies can be restored by presidential command.

Under emergency powers the president would have the authority to sign build-operate-transfer (BOT) contracts with foreign water companies without having to go through the usual public bidding process.

This would save time and, according to government officials, enable Manila's 700,000 litre per day water deficit to be reduced before the *El Nino* dry season begins in April.

In addition, the government could embark upon the much-mooted deregulation of the water monopoly to enable greater commercial freedom and limited competition between decentralised water authorities. Plans have already been drafted to divide the Metropolitan Water and Sewage System (MWSS) into eight autonomous bodies which would have the right to borrow from the private sector and enter into BOT agreements with foreign companies.

Government aides say that the dissolution of the Philippine Congress this week ahead of national elections in May could lead to a damaging slowdown of public utility deregulation and the wider economic reform process over the next six months.

Emergency legislation to solve the water crisis and non-emergency bills to deregulate the mining sector, modernise the armed forces and extend the liberalisation of the foreign investment code are among the backlog of laws awaiting approval from the 24-member Senate over the next seven days.

"If this legislation has not been enacted by next week then I will request an extension of Congress by another seven days over and above the one-week extension we are now in," said Mr Jose De Venecia, speaker of the House of Representatives and a member of the governing coalition, Lakas-Laban.

INTERNATIONAL NEWS DIGEST

Alitalia faces strike action

Unions representing Alitalia pilots and cabin crew begin two days of concentrated strike action today in protest at the Italian state airline's restructuring plans and its decision to lease Australian planes and crews on certain north American routes. Cabin crew unions were set to begin a 24-hour strike at midnight last night. Their protest will overlap a 24-hour strike by Anpac, the pilots' unions, which starts at noon today.

Last Friday, Alitalia tentatively forecast that its restructuring programme would enable the airline to break even during 1995. But the Italian carrier, which in 1993 reported a group loss of L343bn ($212.6m), warned that continued industrial action could jeopardise its aims. It said that for 1994 it would report a 7 per cent increase in turnover to about L7,000bn, and a doubling of its gross operating margin to some 10 per cent.

During the period of industrial action, certain intercontinental flights and all peak morning and evening flights in Italy are guaranteed. Strike action by Italian air traffic controllers, negotiating a new national contract, is likely to add to disruption. On Wednesday, they plan a 24-hour strike, beginning at 7am. *Andrew Hill, Milan*

Unita agrees to observe accord

Angola's Unita rebels agreed at their national congress yesterday to keep to a peace accord signed with the government three months ago aimed at ending Africa's longest civil war. Unita, led by Mr Jonas Savimbi, said it adopted resolutions backing the peace process on the last day of its congress in its central highlands headquarters of Bailundo.

The accord had been in doubt because of Mr Savimbi's failure to attend its signing in Lusaka, the Zambian capital, in November and subsequent accusations by both sides of ceasefire violations. Mr Savimbi, under pressure from hardline elements in Unita, had previously declined to express full support for the agreement or to reject it outright. A Unita statement said: "Following an exhaustive debate, the congress adopted the following resolutions: The congress approves all plans for peace in Angola; the congress approves all steps towards national reconciliation." *Reuter, Luanda*

FDP gains ahead of state poll

Germany's Free Democratic party, junior partner in Chancellor Helmut Kohl's ruling coalition, could reverse its dismal performance in recent regional elections at next Sunday's vote in the state of Hesse, according to opinion polls released at the weekend. It could win the support of 7 per cent of the voters, comfortably above the 5 per cent threshold needed for a return to the state parliament in Wiesbaden, according to a poll by BasisResearch group for Focus magazine.

A poor showing by the FDP in Hesse and in the North Rhine-Westphalia election in May would undermine Mr Kohl's centre-right coalition in Bonn, which has a majority of only 10 seats. Two weeks ago, a poll by the Ipos Institute suggested the FDP could fail to reach 5 per cent in Hesse, where the coalition of Social Democrats (SPD) and Greens – who are in opposition in Bonn – is expected to remain narrowly in power. The Allensbach Institute said the FDP should win 7.5 per cent in Hesse. *Andrew Fisher, Frankfurt*

Lyons mayor to go on trial

Lyons mayor Michel Noir goes on trial today in a corruption case that has poisoned politics in France's second largest city. Noir, his son-in-law and former campaign manager Pierre Botton, television anchorman Patrick Poivre d'Arvor and nine others face charges of being accomplices to fraud in promoting Noir's career in the 1980s. The trial focuses on charges that Botton illegally promoted Noir's career with cash and gifts, even seeing his father-in-law as a presidential hopeful. The two deny corruption. Sleaze has become a prime issue in the run-up to France's presidential election, in which conservative prime minister Edouard Balladur is front-runner to succeed President François Mitterrand. Three ministers have resigned from Mr Balladur's cabinet since July after becoming the subject of sleaze probes. *Reuter, Lyons*

Israel-PLO talks on industry

Israel and the Palestine Liberation Organisation yesterday agreed to begin detailed planning on industrial zones to be constructed along the Israel-Palestinian borders. Mr Micha Harish, Israeli trade and industry minister, and Mr Ahmed Qurie (Abu Ala'a), Palestinian trade "minister", said a committee of experts would be set up to plan six industrial border parks fusing Israeli companies with Palestinian labour.

The idea is being pushed by both sides to counter the failure of the Israel-PLO economic agreement and the damaging effect on Palestinian unemployment and economic growth from Israel's closure of its borders with the West Bank and Gaza Strip. Israel says the industrial zones will meet its security concerns by providing an alternative to the movement of tens of thousands of Palestinians inside Israel proper. The Palestinians say the zones will help create employment and stimulate economic growth. *Julian Ozanne, Jerusalem*

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Africa's airlines struggle to break free

James Harding and **Richard Webb** assess political meddling

Painters at Jan Smuts airport, Johannesburg, are currently putting the final touches on a tailfin of a lion's head logo for Alliance, Africa's newest airline, a collaboration between South Africa, Tanzania and Uganda.

The logo evokes the past: nearly 20 years ago, when the East African Community collapsed, one of the casualties

Ethiopian Airlines

was East African Airlines, jointly owned by the governments of Kenya, Tanzania and Uganda. On the fuselage of its aircraft was a leaping lion.

So when the Alliance plane takes off in July, the airline will be hoping to repeat the logic of efficient servicing of a regional market that made EEA a thriving operation.

If Alliance succeeds in reviving the principles of regional co-operation and sound management, independent of political interference, it could be an example to Africa's ailing airlines.

When African states won independence in the early 1960s, they rapidly acquired numerous symbols of their new status, ranging from ambitious iron and steel projects to the latest defence equipment. But common to all was the desire for a national airline that would fly the states' colours abroad.

Frequently mismanaged, often heavily subsidised, and losing the fight for a share of an increasingly competitive international market, they have become symbols of the continent's economic decay.

Nigeria Airways is on its last legs, straining under the weight of debts incurred through the purchase of its four Airbus A310s. Of that fleet, one is in Belgium after being impounded three years ago, and another is waiting for a new engine in Algiers where it was forced to make an emergency landing.

The picture of a stagnating industry is borne out by Iata's membership. While the number of registered air carriers worldwide nearly doubled over the last decade, from 144 in 1986 to 229 today, the number of African members barely changed, 21 in 1986 and 22 today.

Zambia's first privately owned airline was launched on Saturday and aims to begin operations next month, Reuter reports from Lusaka. Aero Zambia replaces Zambia Airways, the state-run carrier which collapsed in December last year.

The new airline, which is owned mainly by Belgian shareholders, has been operating as the national cargo carrier since early 1994 and would start regional flights in the first week of March and international operations by mid-April, Mr Alexandro Sangue, Aero Zambia managing director, said.

Zambia Airways went into voluntary liquidation after international creditors seized its assets for failing to settle outstanding debts.

Traffic patterns also show Africa losing out. Even over the last year, to October 1994 from the same period in 1993, Africa's passenger traffic fell by 4.2 per cent as the number of air travellers worldwide rose by 7 per cent, according to the Geneva-based Airports Council International.

In an increasingly unforgiving market, Africa's airlines have suffered from uneconomic pricing, inadequate resources to pay for excessive fleet purchases and the tendency among politicians to treat the flag-carrier as a pool of patronage rather than a business.

The recovery of Kenya Airways, however, shows what can be done when strictly commercial considerations govern management.

In 1992, at the end of a five-year period which showed an estimated $57m loss, the latest board of Kenya Airways was replaced with a team from Speedwing Consulting, a British Airways subsidiary.

Until their arrival, government insistence on low domestic fares had left Kenya Airways charging little more than $30 for the one hour flight from Nairobi to Mombasa. The new managers raised prices by 107 per cent in a year, while passengers continued to rise in number – "proof, if ever it was needed, that the old pricing policy was uneconomic," a Kenya Airways official said.

Most significantly, the management was cleansed of significant government meddling. Job opportunities within the company were displayed on a notice board in Nairobi.

Air Afrique, to give an example of the norm of government intrusion, is described by a European adviser to the company as an "airline of political patronage". The 12 west African countries which own and run the airline are unable to agree on fundamentals of the business and, instead, squabble over appointments and ticket allocations for state officials.

For Kenya Airways, the merits of commercial independence are writ large on the profit and loss account. Under the new management, the company showed profits of $7m last year and predicts profits close to $10m for 1995.

Tidying up the balance sheet remains the only task still to be done in preparing Kenya Airways for privatisation – the government's intended destination for the carrier since 1991.

Few other national carriers are as far down that path as Kenya. Mr Aremu Yahaya, Nigeria's aviation minister, said he would like to see Nigeria Airways privatised, but "massive debts" were an obstacle.

The simple arithmetic that many African countries cannot afford the resource-intensive business of running an airline makes the case for regionalisation compelling. However, the logic may yet come unstuck; politics and private finance are sizeable obstacles to regional co-ordination.

The development of national feeder services to a regional hub offering international connections has been on the agenda of many African neighbours for years. Mr Nyaga remembers talking about a collaborative project with Tanzania and Uganda but the talks came to nothing.

Kenya Airways

USAfrica, the only direct carrier between America and Africa, suspended operations 10 days ago only eight months after sending their first flight across the Atlantic. Even though the number of customers had been steadily rising and the airline predicted it would be breaking even by the end of the year, it could not raise the additional financing to meet its cash needs arising from start-up costs. These difficult lessons will not be lost on Alliance and its lion.

Algeria nears commercial debt agreement

By Roula Khalaf

Algeria and its commercial bank creditors inched closer to a deal at the weekend on rescheduling the country's $4.5bn commercial debt.

The meeting of the London Club's steering committee, chaired by Société Générale, ended on the eve of the opening in Geneva of Algiers' formal negotiations with the International Monetary Fund on a three-year credit facility. Last year's $1bn IMF standby agreement runs out at the end of March.

The commercial debt talks overcame a principal stumbling block when the banks agreed to Algiers' demand to include in the rescheduling the $1.5bn part of the debt on which banks consider they have already made concessions comparable to rescheduling.

This $1.5bn was subject to a "reprofiling" in 1991, meaning that the banks voluntarily agreed to push forward payments due between October 1991 and March 1993 until between 1995 and 2000. It was with the understanding that this reprofiling would not be included in further rescheduling deals that the banks sold the reprofiled paper on the secondary market.

Including the reprofiling in the deal, however, requires the agreement of the current holders of this debt. This is why the banks want the $1.5bn debt to be securitised, which would create a liquid market in which the current holders can trade the bonds. It would also assure this debt was excluded from future reschedulings.

According to those close to the talks, Algiers is "in principle" willing to discuss a securitisation, but bankers and government officials failed to reach agreement on details. The parties meet again next month.

As the talks progressed last week, there was heavy demand for the Algerian commercial debt paper, now trading at only 26 cents on the dollar. It is believed that Algerians are buying the debt in the hope of converting it into equity should the government launch a debt/equity swap programme as part of a privatisation.

Chinese seek S Africa links

By Tony Walker in Beijing

Two-way trade between South Africa and China will exceed $1bn this year, but lack of official relations is hampering even more expansive economic ties, according to a Chinese official.

Ms Liu Qinhua, a deputy division chief of the trade ministry, told the official Business Weekly newspaper the absence of a formal trade agreement was a barrier to preferential trade links.

South African officials have been hinting at the establishment of relations this year, but Pretoria is approaching the issue cautiously because of its traditionally close economic links with Taiwan.

Beijing and Pretoria maintain representative offices in each other's capitals. Formal relations would require Pretoria to switch recognition from Taipei to Beijing, but it would maintain "informal" representation in Taipei.

Sino-South African trade has surged in the past few years from just $14.6m in 1991 to $900m last year. Trade grew by 36 per cent in 1994 over 1993.

China's trade ministry estimates that indirect trade through Hong Kong and Taiwan would inflate last year's figure by an additional $600m to a total of $1.5bn.

Ms Liu said there was "great potential" for growth in trade because the two economies were "highly complementary".

China exports textiles, light industry goods and foods to South Africa, and hopes to increase electronics and machinery shipments. Imports include metal ores, vehicle parts, paper pulp, gold and copper, and over 2m tonnes of iron ore last year.

Chinese companies were also investing in South Africa, with 11 companies approved to invest in textiles and light industry. A South African bank and metal trading companies are represented in Beijing.

The two countries are also examining ways of co-operating in high-technology projects such as coal gasification.

Washington keen to muscle in on Gulf markets

By Robin Allen in Abu Dhabi

Mr Ron Brown, US commerce secretary, is due to brief President Bill Clinton today on his visits to Kuwait and the United Arab Emirates – two of the Gulf states where the US is competing with European and Asian companies for some $30bn (£19.3bn) of defence and heavy industrial contracts over the next two years.

The industrial projects cover oil refinery expansion, gas gathering and gas export projects, and petrochemical, power and desalination plants. Mr Brown said the US could win orders worth up to $9bn in Kuwait alone.

Kuwait has about 10 oil and gas-related construction projects either in hand or at the planning stage. The largest is a $2bn petrochemical complex, a joint venture between Kuwait's Petrochemical Industries and the US's Union Carbide.

The complex will comprise a 650,000 tonne-per-year (tpa) ethane cracker to produce 450,000 tpa of polyethylene and 350,000 tpa of ethylene glycol. Two US banks, J P Morgan and Chemical Bank, with National Bank of Kuwait, are advising on the $1.1bn financial package, due to be completed this summer.

Talks are continuing between Kuwait and the US Eximbank, one of three export credit agencies, with Germany's Hermes and Italy's Sace providing cover for the balance.

The plant is expected to transform Kuwait's dormant industrial sector by spawning dozens of private sector plants making finished plastic goods for domestic use and downstream industries. It should also reduce Kuwait's dependence on revenue from crude oil sales.

The US is also expected to win the lion's share of front-end contracts for the UAE's $2bn Ruwais oil refinery extension.

But the focus of Washington's efforts in the UAE is to oust Britain and France as main suppliers of the emirate's armed forces.

The UAE is expected to announce billion-dollar orders at an international defence exhibition to be held in Abu Dhabi from March 19 to 23. About 500 companies are taking part.

Orders are expected for up to six anti-submarine frigates, fighter aircraft and fighter-bombers, and smaller items such as airfield crash and fire-fighting vehicles.

The US lost out to France two years ago on a $4bn order for battle tanks. France is also bidding to keep its grip on the UAE's choice of Mirage 2000 aircraft for its air force.

The US is in a stronger position to win the $1bn anti-submarine frigate contract.

Western diplomats say the emirate wants two frigates now to counter the perceived threat to Gulf stability from Iran, whose rearmament programme includes the purchased of conventional diesel submarines from Russia. Iran also occupies three islands in the Gulf claimed by the UAE.

The frigates would have to be leased, and the US is the only country in a position to supply them at short notice. The UAE would then contract for two more to be built and possibly take an option on a further two. Buying US, rather than European frigates, is also seen as a way to reinforce American guarantees of UAE security.

The US's Newport News Shipbuilding, a subsidiary of Tenneco, is the favourite to secure the frigate contract.

هكذا من الاصل

Clinton veto threat over crime bill

By George Graham in Washington

President Bill Clinton threatened at the weekend to cast his first veto against efforts by the new Republican majority in Congress to rework much of last year's crime bill.

In the past week the House of Representatives has passed much of the Republicans' crime agenda, including measures to weaken habeas corpus rights and constitutional protection against illegal searches, and to require those convicted of federal crimes to pay compensation to their victims.

But the measure that drew Mr Clinton's wrath was an attempt to replace federal money to pay for the hiring of 100,000 new police officers over the next few years with block grants that would allow local governments to choose their own preferred anti-crime programmes.

"The block grant is basically a blank cheque that can far too easily be used for things besides police officers," Mr Clinton said in his weekly radio address, deriding the approach as an "old-fashioned pork-barrel programme".

"Anyone on Capitol Hill who wants to play partisan politics with police officers for America should listen carefully: I will veto any effort to repeal or undermine the 100,000 police commitment, period," he said.

Although Mr Clinton threatened to veto health care legislation if it failed to provide universal coverage, Congress never sent him any kind of health bill, and he has not used his veto against any other legislation. But confrontations with the Republicans who took over Congress after November's elections seem inevitable.

Ms Janet Reno, the attorney general, said the veto threat applied also to any attempt to repeal the ban on assault guns passed last year. Republican leaders have delayed action on a repeal, although many of their rank and file members are keen to repay their political debt to pro-gun activists, who were vigorous in their support for Republicans in the election.

Zedillo to push ahead with state sell-off

Privatisation drive faces problems, but the government needs money, writes Ted Bardacke

Mexico is about to embark on its second major round of privatisations this decade. Railways, petrochemical and electricity plants, airports and seaports will all be put on the auction block as the government tries to raise a projected $8bn in revenue this year and an additional $6bn-$8bn in the following two years.

The money is sorely needed. The Mexican government is prohibited from using any part of its recently granted $50bn international financial support package to finance its current account deficit. With that deficit estimated to be $14bn in 1995, the government says it expects privatisation revenue to cover nearly half that amount.

But, unlike during the presidency of Mr Carlos Salinas, when the privatisation programme was so widely acclaimed that government officials jetted around the world to teach other countries how it was to be done, the new president, Mr Ernesto Zedillo, is expected to face serious problems his predecessor did not.

One problem is timing. Whereas Mr Salinas was able to lay the ground work for each privatisation process very carefully, Mr Zedillo's administration will try to sell entire industries quickly, looking to raise almost two-thirds the revenue that Mr Salinas did and in half the time ($14bn in three years versus $22bn in six). A formidable challenge under normal circumstances, this is likely to prove even more difficult now, with foreign investor confidence shaken and domestic companies, squeezed by high interest rates, saving their cash for working capital.

The track record of companies privatised under Mr Salinas is also expected to make investors bid more carefully. While such companies as Telmex, the telecommunications monopoly, and Television Azteca, the television network, have done well, many other companies that passed into private hands are struggling.

The biggest problem, according to many analysts, is quality, or the lack of it. They note that what the government has left to sell is infrastructure in need of large amounts of capital investment, and the regulatory framework governing this infrastructure is still largely undefined and untested.

In railways, where the government expects to raise $2bn by making long-term concessions on groups of lines, the infrastructure is so creaky it is practically worthless, say foreign railway executives. Of the 26,000km of track in the country, 20,000km was built before 1910. Compared to average speed of railcars in the US, Mexican railcars move only 10 per cent as fast, but fees are 30-35 per cent higher, according to Mr Carlos Ruiz Sacristan, communications and transport minister.

Thousands protest in Mexico City at the weekend over the military crackdown in Chiapas, where instability may add to international fears about Mexico's financial health AP

The government is considering giving the lines not to the highest bidder but to the company that agrees to invest the most money in modernisation over 5-10 years. "We don't expect to get much money from the actual sale," says a government official. "The real income will come from the new investment the companies will be required to make."

With projected construction costs of $1.5m per km of new track, and with regulations which still have to pass through congress, private rail companies say they are interested but as yet show little enthusiasm.

In petrochemicals, where the government says it will raise $1.3bn this year by selling 19 plants, the lack of a competitive regulatory framework governing fuel supply, where the government plans to retain a monopoly, has investors shying away from the old plants. The government tried in 1993 to sell the plants, which suffer from a serious lack of maintenance, but suspended the process because of lack of interest.

Mr Adrian Lajous, new director of the state-owned oil monopoly Pemex, which operates the petrochemical plants due to be sold, claims the 1993 scheme failed because petrochemical prices were too low. With prices recuperating, he said, there was now a "better chance". But some petrochemical executives say that, unless natural gas supplies, main input for most petrochemical production, are opened up to competition, the Mexican government is unlikely to stir much interest.

In the electricity sector, the government's goal of raising $6.5bn over the next three years is also in jeopardy. Not only are there similar problems with fuel supply, but potential investors are worried about the sale of electricity as well. Sales of privately generated electricity are required by law to go to the state-owned Federal Electricity Commission (CFE), which will maintain its monopoly over retail sales and distribution.

Mr Rogelio Gasca Neri, head of the CFE, says bids for the Merida III project electricity plant in the southern state of Yucatan, designed to be the showcase for electricity privatisation in Mexico, will be taken soon and the contractual framework "will be attractive for investors". But he admits the government has to "make some basic decisions" before he can proceed with his company's privatisation programme.

Government officials say they realise they are under the gun and need money and therefore will work hard to make this new round as attractive as possible. They also say they will start slowly, with a call for bids to be issued this month on container terminals at the country's four major ports. The government expects to raise only $200m through sale of the ports, a communications and transport ministry official said, but the process will be used "to see how receptive investors are to Mexico right now".

Ecuador boosts forces as Peru conflict worsens

By Raymond Colitt in Quito and Reuter

Ecuador called up more reserves over the weekend to fortify its positions along its disputed border with Peru following intensified fighting between the two countries on Friday.

The joint command of Ecuador's armed forces also said three Peruvian aircraft were shot down while carrying out a big air strike on the military positions of Cueva de los Tayos, Tiwintza and Condor Mirador, all in the disputed Condor mountain range.

In Lima, the Peruvian congress was told that two SU-22 fighter-bombers and an A-37 ground attack aircraft had been lost in combat and that Peru's loses in this latest series of clashes over the long-disputed frontier comprised 31 deaths, 45 injured and 79 missing. Ecuador recognises only nine troops killed.

General José Gallardo, Ecuador's defence minister, admitted for the first time Peru's superiority in arms and equipment, and compared the conflict to the biblical story of David and Goliath. He said Ecuador was ready to accept the proposal of the guarantors of the 1942 Rio Protocol, which ceded territory to Peru but was repudiated by Ecuador, to send observers to the zone, of conflict.

Mr Gallardo also cited reports by Conservation International, the environmental organisation, which carried out expeditions into the contested headwaters of the river Çenepa, confirming the presence of Ecuadorean forces there as early as 1972.

Ecuador's finance minister, Mr Modesto Correa, said that neither Peru's nor Ecuador's economy could sustain a prolonged military conflict. Ecuador is spending an estimated $8m to $10m a day on war efforts.

Earlier on Friday, an Ecuadorean general accused Peru of using chemical weapons and drugging its own troops before attacking Ecuadorean positions in the increasingly bitter border conflict. Peruvian officials denied the allegations.

The general, a member of Ecuador's Joint Command, said Peru's military ordered planes to spread toxic gases throughout Ecuadorean defence positions in a desperate attempt to flush out the soldiers.

Peruvian military officials in Lima dismissed the accusations. Col Carlos Sotil told Reuters: "As far as I am concerned, it's impossible."

● Mr Jimmy Carter, the former US president, is prepared to mediate in the conflict between Peru and Ecuador if both countries request it, Reuter reports from Atlanta. In a statement on Saturday, Mr Carter said he and former Costa Rican President Oscar Arias were willing to act as intermediaries.

"President Carter and President Arias have indicated they are prepared to consider getting involved if the parties felt it was useful," a Carter spokeswoman said.

On Tuesday, Carter and Arias issued a statement urging the two countries to declare a ceasefire and calling on the Organisation of American States or the United Nations to mediate.

In a joint statement they said they "urgently request that both Ecuador and Peru declare a ceasefire and permit international mediation that will end the crisis and resolve the problem definitively".

Carter and Arias are members of the Council of Freely Elected Heads of Government, a group of 24 current and former presidents and prime ministers from the western hemisphere who have monitored elections throughout Latin America.

هكذا من الأصل

Tory rift on European policy widens

A second front in the British government's battle with members of its own party on European policy was opened yesterday when Mr Charles Wardle, a junior trade minister, resigned in order to campaign against the erosion of UK border controls, Robert Peston and John Kampfner write.

Though Mr Wardle said he is not hostile in most respects to the European Union, his stance on border controls is likely to be backed by Conservative Eurosceptics, whose campaign against a single European currency has caused divisions to emerge in the cabinet.

Mr Wardle said he had decided to resign now because there are only four months to persuade the government to include the border control issue in its agenda for next year's Intergovernmental Conference, which will establish a new European Union constitution.

Mr Wardle is convinced that a British exemption to Article 7a of the Treaty of Rome – which requires that there are no immigration checks on people travelling from one EU country to another – is not legally watertight.

Several European countries are in the process of removing passport checks on travellers from EU countries. Mr Wardle is convinced they will put pressure on the UK to join them.

Mr Michael Howard, home secretary, said he regretted Mr Wardle's departure. He said no decision had been taken over whether immigration controls would figure in the inter-governmental conference negotiations.

"It is surprising that someone should resign on this basis," he said. "I'm quite clear that we will maintain frontier controls in place. We have no intention of dismantling them." Mr Jack Straw, shadow home secretary, said: "These are serious charges ... Whatever its sympathy, this country cannot sustain a large influx of economic migrants, for example from eastern Europe."

Meanwhile Downing Street continued to play down the significance of the apparent Cabinet split on whether the UK should join a single currency.

Mr Michael Portillo, employment secretary, and Mr John Redwood, Welsh secretary, said over the past few days that the decision whether to join was of fundamental constitutional importance - contradicting a speech by Chancellor Kenneth Clarke on Thursday, that the proper criteria were economic. An official said: "People ignore the great level of agreement between all of them. Spotting the differences is really an example of Kremlinology".

Railtrack faces new costs over Channel tunnel trains

By Peter Marsh

Railtrack is to spend £100m ($156m) more than originally estimated to adapt the rail network north and west of London to allow the passage of Channel tunnel trains.

The size of the bill has surprised rail industry observers, and may lead to reduced government investment in other parts of the railway infrastructure.

The £100m is about a sixth of Railtrack's investment budget in the financial year starting in April, and will mainly be spent over the next year to alter signalling along hundreds of miles of track and some platforms and bridges.

Railtrack assumed responsibility for most elements of railway infrastructure from British Rail 10 months ago. It is due to be floated on the stock exchange by 1997 as part of the government's privatisation of the railways.

Government officials believe rail engineers should have foreseen the need for the work earlier, and might have avoided it altogether by changing the specifications of the trains.

Other planned investment – for example in signalling and track improvements for parts of the rail network not linked to Channel tunnel trains – may have to be postponed or reduced as a result.

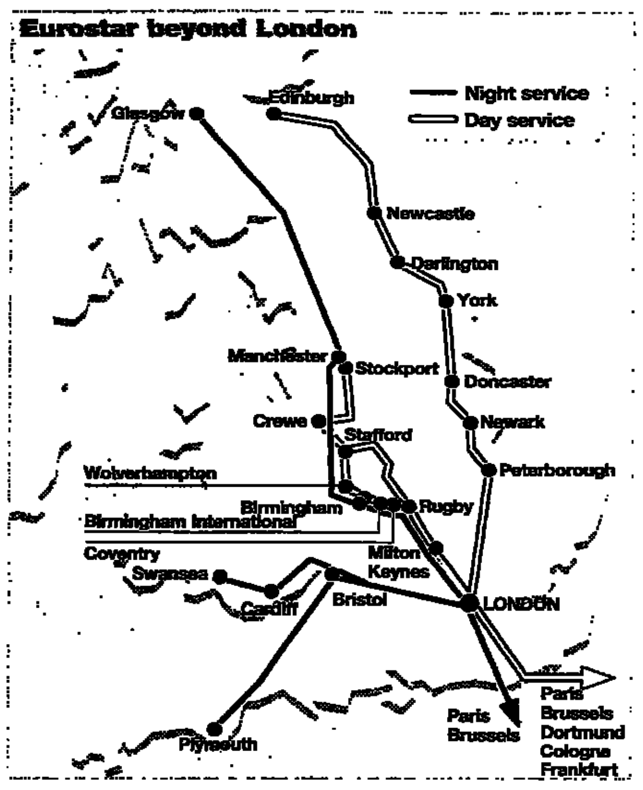
The modifications will allow the extension of Eurostar Channel tunnel services to cities that include Glasgow, Manchester and Swansea. Eurostar trains are operated by the government-owned European Passenger Services, and run through the Channel tunnel to Paris and Brussels.

An official said the extra work would involve spending £100m on top of the £150m committed to adapting rail lines north and west of London for the Eurostar service. A large part of the programme involves adaptations to trackside electronic systems to "immunise" them from electromagnetic interference emitted by electric motors in the trains that could disrupt the network.

Other parts of the programme will entail building work to broaden the span of bridges to allow safe passage of Eurostar trains.

Railtrack says: "We have budgetary provision to pay for the work in 1995-96 but have not yet finalised the details." The rail authority said it could not comment on the amount the programme would cost, nor on whether the extent of the work had come as a surprise.

Eurostar beyond London



Manufacturers warned to review strategy

By James Harding

The most successful manufacturers in the future will be those which adopt a strategy of "mass customisation," according to a report published today by the Department of Trade and Industry, the Foundation for Manufacturing and Industry and IBM consulting group.

Mass customisation involves modular production units which can be altered to meet individual customer needs, combining the benefits of economies of scale with the appeal of products designed for specific consumers.

The report cites as an example Panasonic Bicycle in Japan, where a customer can specify the size, shape and colour of a bike. The bikes are assembled on a computerised production line, which adapts to each customer's specifications.

The report, Tomorrow's Best Practice report, a vision of the future for manufacturing companies in the UK, brings together the views of chief executives from 80 British companies.

It says quality is "no longer an adequate differentiator" between expanding and stagnant businesses – manufacturers in both industrialised and emerging economies insist on top quality production. British companies wishing to maintain a competitive advantage over low labour cost producers are advised to develop keener awareness of markets and customised design for increasingly sophisticated consumers.

The report also says that near-static levels of manufacturing investment in the UK "contrasted badly with rising levels in Japan and Korea."

According to the latest figures from the Japanese Ministry of Finance, while Japan's plant investment against GDP in manufacturing industries at 1985 prices rose from 6.4 per cent in 1973 to 7.7 per cent in 1990, UK's investment fell from 3.2 per cent to 2.8 per cent.

Professor Chris Voss of the London Business School says the problem is not excessive short-termism in the UK. "US and Japanese businesses are able to manage the short and long term simultaneously, a skill which UK managers urgently need to master," he says.

UK NEWS DIGEST

Directors back single currency

Finance directors of some of Britain's biggest companies are sure there will be a single European currency by the turn of the century. According to a Mori survey for the BBC, most of them believe a single European currency will be good for their companies.

Only a very small minority suggest it would be "positive" for their companies if other European countries went ahead with a single currency without Britain.

Nearly half of those questioned – 46 per cent – suggested that the government was not not doing a good job at handling the single currency issue on behalf of British business interests, while 30 per cent said the government was doing a good job. Thirty-seven per cent believed it was "certain" or "very likely" that there would be a single European currency by 1999 and 53 per cent suggested it would be in place by 2001.

Some 60 per cent said a single European currency would be "good" for their companies while only 12 per cent said it would be "bad." Only 5 per cent suggested there would be a "positive effect" if other European Union countries introduced a single currency without Britain.

Mirror Group joins NBC in Channel 5 bid

Mirror Group Newspapers, publishers of the Daily Mirror and the People, has joined forces with NBC Superchannel of the US to bid for the Channel 5 television franchise.

The two companies, which have not worked together before, have joined a growing list of prospective bidders which includes Mr Richard Branson's Virgin group and a consortium involving Pearson, owners of the Financial Times. The consortium is seeking to recruit further members from the media field before putting in its bid for the 10-year franchise by the May 1 deadline. Channel 5 is set to go on air in 1997.

Bidders for the franchise include a consortium of MAI, a financial services and media group, and Pearson. Another partner, Time Warner, the US media group, withdrew unexpectedly from the consortium earlier this month. *Charles Batchelor*

TUC attacks claims over job creation

The British government's claim that its policies of labour market deregulation have increased the level of employment is misleading and inaccurate, says the Trades Union Congress, the UK's umbrella group representing labour organisations.

The TUC said its submission to the International Labour Organisation was the first comprehensive challenge to the widely held view of the government's successful record on jobs.

It also claimed a recent report on Britain by the Organisation for Economic Co-operation and Development had "uncritically accepted" the government's view of the state of the labour market.

Mr John Monks, TUC general secretary, said: "The government's claims that its policy of deregulation has expanded the jobs market does not stand up to serious scrutiny. Instead it has led to fear and insecurity at work among part-timers, those on short-term contracts and the self-employed." *Andrew Bolger*

Coopers set to appeal over Maxwell ruling

Accountancy firm Coopers & Lybrand is today expected to appeal against a High Court ruling that its role in auditing the Maxwell Group pension funds can be investigated by the accountancy profession's own regulator.

Coopers wants the investigation stalled until civil and criminal court actions involving the Maxwell case have been through the courts. It argues that an inquiry by the regulator could be prejudicial.

Professional and government regulators will watch the progress of the appeal carefully to see if they too might be barred from taking action in cases where civil or criminal legal action is pending. At least three other large accountancy firms are also tracking the case as they are likely to face investigation by the regulator – the Joint Disciplinary Scheme – in cases unrelated to Maxwell.

The appeal is also seen as highly significant by the profession in establishing the authority of the JDS at a time when the future of self-regulation within the sector is the subject of a radical review. *Jim Kelly*

Property study warns of 'drift' from City

Financial services companies have become less fussy about office location and could drift away from the City of London unless high quality buildings are developed, according to a study commissioned by the Corporation of London, the City's local authority.

The study by Jones Lang Wootton, the surveyors, says traditional locations have become less attractive to the financial sector over the last decade. While the City captured 55 per cent of central London office take-up in this period, traditional core areas around the Bank of England and Lloyd's of London saw relatively few new occupiers.

From 1984 to 1988 few new office buildings of more than 100,000 sq ft were built in the City. Occupiers such as Salomon Brothers and Banque Paribas located in the west end of London instead.

The report, part of the City Research Project funded by the Corporation and co-ordinated by the London Business School, says big financial services companies are again actively considering alternative locations. It adds that the competitive threat to the City will intensify as the property market comes out of recession and City rents start to rise. *Simon London*

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ TODAY
API 5.38p
Bass 14.5p
Brit. Gas 12¾% Bd '95 £127.50
Brit. Telecom 7.05p
BTP 3.75p
Flash Ser ETA FRN '97 Y698472.0
Halma 1.12p
Kleinwort Eur Priv Inv Tst 0.6p
Mazda Motor FRN 2000 Y70500.0

■ TOMORROW
Archimedes Inv Tst 17.5p
Berkeley Grp 2.1p
Carlton Comms 7½% Cv Bd '07 £187.50
Enviromed 1.4p
Forminster 1.04p
Mitsubishi 10⅝% Nts '95 $531.25
Moorgate Smaller Co's Inc Tst 1.8p
Sanyo Elec FRN '97 Y207066.0
Sheriff Hldgs 4p
UMECO 1p
Vega 1.4p

■ WEDNESDAY FEBRUARY 15
Abbott Labs $0.19
Anglo Am Inv Tst 6% Pf R0.06
Baggeridge Brick 2.375p
Chase Manhattan $0.40
Chubb Security 2.32p
Colgate-Palmolive $0.41
Faupel Trading 1.85p
Fishguard & Ross. Rlwy & Hrbrs 3½% Pf 1.225p
GRT Bus 1.4p
Hozelock 5.05p
Japan Dev Bank 8⅜% Gtd Nts '01 $418.75
Marsh & McLennan $0.725
Moorgate Inv Tst 1.7p
Norsk Hydro 8¾% Bd '95 FFr875.0
Protean 1.35p
Scottish Met Prop 10¼% 1st Mtg Db '16 £5.125
Scottish Radio 9p
Sears 7¼% Un Ln 92/97 £3.625
Sonar 1 Class A Mtg Bckd FRN '21 £111.79
Do Class B £126.23
Do Class C £140.67
TSB Gilt Fd Ptg Pf 2p
Uberior Invs 14⅞% Gtd Nts 2000 A$371875.0

■ THURSDAY FEBRUARY 16
Britannia Bldg Scty FRN '96 £157.11
Burndene Invs 1.175p
Dixons Grp Treas. 7¾% Gtd Bd '04 £77.50
Dwyer Estates 0.75p
Ewart 0.5p
Gates (UK) 5% Pf 3.5p
Do 5% Cm 2nd Pf 3.5p
Gibbon 2.2p
Halifax Bldg Scty 6½% Bd '04 £65.0
Leeds Perm. Bldg Scty 10½% Sb Bd '18 £1050.0
Nat West Bank Prim Cap FRN Ser B $284.31
Do Var Rate Cap Nts '08 $163.88
Nippon Credit Bank (Curacao) Gtd Fltg/Fxd Rate Nts '04 $2977.22
Oriflame (Reg) 4.6p
Do (Br) 4.6p
Skopbank Ser B Und Sb Var Rate Nts $167.71
State Bank NSW Ext FRN $285.90
Sumitomo Bank Int Fin Gtd FRN 2000 $154.93
Taunton Cider 2.8p
Treas 2½% IL '13 £2.0277
Utd Drug IR5.15p
Utility Cable 0.323p

■ FRIDAY FEBRUARY 17
Abbey Natl Treas. Services 6% Gtd Nts '04 FFr600.0
Allied Colloids 0.55p
Anglian Grp 4.1p
Chemring 6.56p
Citicorp $0.30
Daily Mail & Gen Tst 12.5p
Do A (N/Vtg) 12.5p
Drive Sec A FRN '96 £162.58
Do Mezzanine FRN '96 £182.74
Eksportfinans FRN '03 $26.19
Forte 10% 1st Mtg Db '18 £5.0
Natl & Provincial Bldg Scty FRN '99 £153.86
Pilkington 1.5p
Royal Bk Scotland FRN 2005 £76.40
Stagecoach 1.65p
Telefonica de Espana Pts27.0
Titon Hldgs 3.1p
Toyobo FRN Feb 1998 Y67722.0

■ SATURDAY FEBRUARY 18
Caterpillar $0.25
Credit Foncier Fr. 10¼% Gtd Serial Ln 11-14 £256.25

■ SUNDAY FEBRUARY 19
Smith New Court 2p

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Dewhurst, Melbourne Works, Inverness Road, Hounslow, Middx, 11.00
Titon Hldgs, International House, Peartree Road, Stanway, Colchester, 10.00

BOARD MEETINGS:
Finals:
Govett Asian Smaller Co's Inv Tst
Olim Conv Tst
Regal Hotels
Interims:
Armour Tst
Genbel Invs
High Point
Myd Wynd Int
Second Alliance Tst

■ TOMORROW
COMPANY MEETINGS:
Baggeridge Brick, Unit 100, Hartlebury Trading Estate, Kidderminster, 12.00
Hardy's & Hansons, Kimberley Brewery, Nottingham, 11.30
Kleeneze Hldgs, Innovations House, 211 Lower Richmond Road, Richmond, Surrey, 10.00
BOARD MEETINGS:
Finals:
Allied Irish Banks
British Petroleum
Flying Flowers
Kleinwort O'seas Inv Tst
Reuters
St Modwen Props
TR Pacific Inv Tst
Interims:
Finsbury Underwriting Inv Tst
Fulcrum Inv Tst
Howard Hldgs
Nat West Smaller Co's Inv Tst
Save & Prosper Lkd Inv Tst

■ WEDNESDAY FEBRUARY 15
COMPANY MEETINGS:
Carlton Comms, Armourers' Hall, 81, Coleman Street, E.C., 10.30
Daily Mail & General Tst, Kensington Close Hotel, Wrights Lane, London, W8 10.30
Electra Inv Tst, 65, Kingsway, W.C., 12.15
Granada, Carpenters' Hall, Throgmorton Avenue, E.C., 11.00
Scottish Radio, Clydebank Business Park, Clydebank, Glasgow, 12.00

BOARD MEETINGS:
Finals:
Brightstone Props
Mersey Docks & Harbour
Vardon
Interims:
Armitage Bros
Benson
ECU Tst
Enterprise Computer
F & C Income Growth Inv Tst

■ THURSDAY FEBRUARY 16
COMPANY MEETINGS:
Aberforth Smaller Co's Tst, 14, Melville Street, Edinburgh, 6.30
Crabtree Grp, Kingsway, Team Valley, Gateshead, Tyne & Wear, 11.00
BOARD MEETINGS:
Finals:
Anglo & O'seas Tst
Finsbury Smaller Co's Investment Tst
General Consolidated Investment Tst
Kleinwort Benson
River & Mercantile Tst
Ward
Wickes
Interims:
Alumasc
Bellwinch
Glaxo
Pantheon Int Participations
Quayle Munro

■ FRIDAY FEBRUARY 17
COMPANY MEETINGS:
Bankers Inv Tst, Stationers' Hall, Ave Maria Lane, E.C., 12.00
Greenalls, Grand Harbour Hotel, Southampton, 12.00
Polar, Cherrycourt Way, Leighton Buzzard, Bedfordshire, 12.00
Watson & Philip, Strathtay House, Dundee, 12.30

BOARD MEETINGS:
Finals:
Baring Tribune Inv Tst
Gartmore Emerging Pacific Investment Tst
Throgmorton Tst
Interims:
Birse

Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

CONFERENCES & EXHIBITIONS

FEBRUARY 20-21 & MARCH 20-21
Business Process Re-Engineering (BPR)
Leading seminar series on Business Process Re-engineering. Enhanced 1995 programme includes new sections on self-managed teams and radical BPR. Coaching style of presentation. *Based on 150 successful BPR projects.* 60 organisations in the private and public sectors attended in 1994.
Contact: Vertical Systems *Intercede Ltd*
Tel: Richard Parris 01455 250 266
Tel: Mike Abbot 0734 464 746
Fax: 1455 890821
LONDON

FEBRUARY 20-22 1995
Documentary Credits and Trade Finance
Foundation course providing sound understanding of products, techniques, skills of trade finance. Letters of Credit, Collection, Acceptances, forfaiting, Factoring, Customs Practice, Settlement, Documentation. Back-to-Back, Transferable, Credits, Countertrade, Credit Insurance. Common Discrepancies and Problems. How to Help your Customer. £525. 3 days.
Contact: Fairplace
Tel: 0171 329 0595
LONDON

FEBRUARY 20 - 24, MARCH 27 - 31
Credit Analysis - Level 1
For those with little experience of accounting and financial analysis the course covers financial statements, interpretation skills and techniques necessary for successful lending. • Risk analysis • Understanding company accounts • Ratio analysis • Cashflow statements • The credit environment • Security taking. £1,000 plus VAT.
Contact: BPP Bank Training - Karina Casini.
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

FEBRUARY 21
EC Competition Law Workshop CPD Accredited
Failure to take EC law into account could cost many millions of pounds in fines, together with the possibility of substantial claims in damages by third parties suffering loss. This workshop provides a comprehensive and practical introduction to the subject.
Contact International Professional Conferences Ltd on 061 445 8623
LONDON

FEBRUARY 21-22
Understanding Company Reports and Accounts
An In-depth review of the interpretation and evaluation of *Limited* Company Accounts. This course covers Assets, Liabilities, Provisions and Contingencies. Share and Loan Capital, Reserves, Mergers and Acquisitions. Turnover, Profits, Taxation, Dividends and Earnings per share. £395. 2 days.
Contact: Fairplace Tel: 0171 329 0595
LONDON

FEBRUARY 21 & 22
Insuring the Railways
A conference examining the new insurance regime for the privatised rail industry. Covering catastrophe liability, business interruption, claims handling, lessons from abroad, the legal implications, risk analysis & profiling and international agreements.
Contact: Claire Dexter, The Waterfront Conference Company. Tel: 0171 730 0430 Fax: 0171 730 0460.
LONDON

FEBRUARY 21 & 22
Practical Dealing Course - Money Market
Training in traditional Cash markets and short term derivatives dealing - risk and evaluation, product pricing, position management - opportunities to test theories learnt in dealing simulation and practical exercises. For Corporate treasury personnel and bank dealers. £520 + V.A.T
Lywood David International Ltd.
Tel: 01959 565820 Fax: 01959 565821
LONDON

FEBRUARY 21-23
Electronic Libraries Exhibition and Seminars
University College London (UCL) will be bringing together professional, business and educational advances in the area of Electronic Libraries. Confused by Bulleting Boards, Mosaic, Gopher, World Wide Web, CD-ROM etc then this is a unique opportunity to find out more. The Exhibition is FREE and open from 11 am - 5 pm.
Contact: The Library Office
Tel: 0171 380 7090 or Gillian Alderman on 0171 387 7050 Ext 3000
LONDON

FEBRUARY 22
Investor Relations: Advanced IR
For Senior Management experienced in shareholder relations. IR in complex corporate restructuring. IR for indexed funds. Strategic investing: how to manage the institutions. International flotation complications. Speakers: Invesco, BP, Postern Executive Group, Global Proxy Services Corp.
Contact: Bass Associates Seminars
Tel: 0171 497 2225 Fax: 0171 497 9295
LONDON

FEBRUARY 22-23
Pay Appraisal and Career Development
A practical guide to the latest techniques for achieving excellent employee performance in the delayered organisation. This important two-day conference explores how to radically improve your business performance by linking *individual targets* to corporate objectives through effective reward, appraisal and motivation systems.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
LONDON

FEBRUARY 22-24
Project Finance
The course looks at the funding and risk management skills required *in* project structuring. Assessing project vulnerabilities; Cashflow and sensitivity analysis; Project funding structures; Documenting complex structures; Modern trends in project financing. *£795* plus VAT.
Contact: BPP Bank Training - Hilary Jackson
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

FEBRUARY 23-24
Accounting Skills for the Non-Financial Manager
Understand the essentials of accounting and financial analysis. This course covers Basic Accounting Principles, Financial Statements, Profit/Loss Account, Balance Sheet, Cashflow, Budgeting, Management Accounts, Financial Evaluation, Key Ratios, Sensitivity Analysis, the 'Language of Finance'. £395. 2 days.
Contact: Fairplace
Tel: 0171 329 0595
LONDON

FEBRUARY 27-28
Cashflow Analysis
Understand cashflows and their structure and analysis. This course covers Source and Application of Funds. Types of Cashflow Statements, Interpretation of Cashflow and Accounts, Debt Servicing Capacity. There are also Practical Examples and Case Studies. £395. 2 days.
Contact: Fairplace
Tel: 0171 329 0595
LONDON

FEBRUARY 27-28
Service Quality
Customer satisfaction is critical to long term success. Aimed at executives seeking to attain high levels of customer satisfaction plus increased productivity and profits. Continuous quality improvement; Leading by example; Service performance; Customer focus and loyalty. £550 plus VAT.
Contact: BPP Bank Training - Jacquelyn Wieland
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

FEBRUARY 28
Fabian Business Seminars - Labour & City Regulation
Alistair Darling MP will lead a one-day seminar on City Regulation. Speakers include: David Bland, CII; Lord Eatwell; Prof. Julian Franks; Joel Joffe; Prof. Stephen Schaeffer; Lindsay Thomas, SFA and Andrew Winckler, SIB.
Booking: 0171-222 1280/Fax: 0171-222 1278
LONDON

FEBRUARY 28
New Developments for Investment Managers
Aimed at investment and fund managers, this seminar examines the tax, accounting and regulatory implications of the 1995 Finance Bill. The programme includes an analysis of the proposed tax treatment of Venture Capital Trusts, Open-Ended Investment Companies and considers the new rules for investment managers acting for non-UK residents. £100 plus VAT.
Contact: Peter Arnett, Ernst & Young
Tel: 0171 931 1496
LONDON

FEBRUARY 28 & MARCH 1
Introduction to Foreign Exchange and Money Markets
Highly participative training course covering traditional FX and money markets featuring WINDEAL (PC Windows based dealing simulation). For Corporate treasurers, bank dealers, marketing executives, financial controllers, systems and support personnel. £530 + VAT.
Lywood David International Ltd.
Tel: 01959 565820 Fax: 01959 565821
LONDON

FEBRUARY 28 - MARCH 1
CTI and Beyond
As the worlds of computing and telephony move ever closer, Computer Telephone Integration is becoming relevant to almost every organisation. This seminar includes case studies of users of CTI technology, and overview of the technology and future of CTI, and examinations of CTI implementation and products.
Contact Unicom Seminars, 0895 256 484, fax 0895 813 095
LONDON

FEBRUARY 28 - MARCH 1
Trawling the Internet: The Commercial Impact and Opportunities
A timely overview outlining the benefits of Internet services to the professional and commercial organisation. Users and vendors of Internet products and services, politicians, computer multinationals explain their strategy and vision of the future.
Contact Unicom Seminars
Tel: 0895 256 484, fax: 0895 813 095
LONDON

MARCH 1-2 & 7-9
Electronic Books & Computers in Libraries
Electronic Books 95 is dedicated to the strategy and implementation of electronic media for the whole publishing industry. Whilst Computers in Libraries 95 provides a practical assessment of the latest technologies, equipment, software and services available to today's library community.
Contact: The Conference Department, Learned Information Ltd.
Tel: 01865 730275 Fax: 01865 736354
LONDON

MARCH 1-3
Project Finance
The theory and practice of project finance, making extensive use of case studies. Cashflow, Debt Capacity, Sensitivity Analysis, Feasibility Studies. Present Value, Internal Rate of Return, Inflation, Interest, Exchange Rates. Risk Analysis, Evaluation, Containment. Types and Sources of Finance including Equity Investment. Loan/Project Documentation, Monitoring. £595. 3 days.
Contact: Fairplace
Tel: 0171 329 0595
LONDON

MARCH 2
Managing New Product Development for Business Turnaround
One day conference exploring how design management is fundamental to the manufacturing process. Organised by the Design Museum and sponsored by the DTI.
Contact: Conference Secretariat: Northern Conference Bureau
Tel: 01625 502600 Fax: 01625 502900
Conference Centre MANCHESTER

MARCH 6-8 & JUNE 6-8
An Introduction to the Financial Sector
Targeted at personnel, including new entrants, who need to gain an understanding of how the financial sector, banks in particular, operate; the products and services offered, and how the sector is likely to change in the future.
Contact: FUTURES Quality Financial Training, part of AT&T
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

MARCH 6 - 8
Optimising Team Performance Conference
Jack Rowell, Coach and Manager, England Rugby Union Squad, will give the Keynote Address on 'The Winning Team'. Other expert speakers from Rover, Mobil Europe, Allied Dunbar, Lucas Electronics, Rolls-Royce Motor Cars.
Contact: Anna Jung, AIC Conferences. Tel: (0171) 827 5967
LONDON

MARCH 7
Elements of Regulation
One day introduction to regulatory issues. Demands no prior experience. Considers techniques of utilities regulation and other sectors. Topics covered: price controls; franchising; enforcement; cost of capital; regulating quality of service.
Contact the LSE Continuing and Professional Education Unit.
Tel: 0171 955 7227
LONDON

MARCH 8-9
Business Performance Measurement:
Transforming corporate performance by measuring and managing the drivers of future profitability. This two-day conference explores relevance and practicality of developing new "corporate dashboards", which include non-financial indicators, such as customer satisfaction, quality and benchmarking.
Contact: Business Intelligence
Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

MARCH 9
EU '95' Development Aid Seminar
Presented by Mid Yorkshire Chamber of Commerce/DTI. Key speakers from European Commission to outline business opportunities available from EU Development Aid Programmes, (£3.5 billion) their scope and content, and how to obtain contracts.
Contact: Lorraine Ellison
Tel: 01484 426591
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MARCH 9-10
Financing Cross-border Acquisitions
Faced with unsettled financial markets, fluctuating currencies and interest rates, acquirors need to be creative and well-informed when devising the financial structure for an acquisition. This workshop will guide you through the intricacies for this process and provide practical tips for success.
Contact: Acquisitions Monthly
Tel: 0171 823 8740
LONDON

MARCH 13
The Foreign Exchange Market: Rates, Risks and Capital Concerns
The fourth annual Dow Jones Telerate foreign exchange conference is built around the theme of foreign exchange market risk and the capital required to protect market participants. Speakers will include Michael Foot, Bank of England and senior representatives from the European Commission, JP Morgan, Hong Kong Bank, Bankers Trust.
Contact: Arielle Savona, Dow Jones Telerate
Tel: 0171 832 9737 Fax: 0171 353 2791
LONDON

MARCH 13-15
Performance Measurement & Attribution Analysis
An intensive training course for Portfolio Managers, Investment Analysts and Client Advisors. Course participants will master hands-on techniques to successfully monitor and manage their portfolios, achieve greater accuracy in performance analysis and increase investment returns.
Contact: John Rosies, International Faculty of Finance
Tel: 0171 344 3830 Fax: 0171 344 0083
LONDON

MARCH 14
***Survive!* Business Continuity 95**
Where will it hurt the most when normal business activities are interrupted by a disaster? Attend this conference to explore recent case-studies and gain from the real experiences of those who have been forced to invoke their business continuity and resumption plans in anger.
Contact: Liz Powell, Survive!
Tel: 0181 874 6266 Fax: 0181 874 6446.
LONDON

MARCH 14
Buying and Selling Unquoted Companies
Attend this event and learn how to develop an acquisition strategy; structure an offer; initiate the process of presenting a company for sale; understand the due diligence process; understand the taxation and legal issues; and how to structure alternative methods of transfer of ownership.
Contact: Sarah Avian, IBC Legal Studies and Services Limited
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

MARCH 14
Year-End Reporting and Planning for Employers
Half day seminar providing guidance on all aspects of year-end reporting and compliance, offering practical solutions to common problems. It explores the likely impact of future developments, including the self-assessment of tax. Topics covered include PAYE/P11D reporting requirements, NIC and Social Security issues, including SSP and SMP. £90 + VAT.
Contact: Becky Brown, Ernst & Young
Tel: 0171 931 3248
LONDON

MARCH 15
The Emerging Role of the IS Function
Speaker Vaughan Merlyn, Ernst & Young Center for Business Innovation™. Annual Conference and AGM of Society for Information Management, the independent global society promoting partnership between senior business and IT management.
Details tel: 01734 395205
LONDON

MARCH 15
Valuations Workshop
This interactive workshop will cover all aspects of company valuation techniques including an understanding of the relationship between discounted cash flow, P/E ratios and assets. An afternoon case study is designed to give delegates practical hands-on experience of analysing and producing a valuation.
Contact: Sarah Avian, IBC Legal Studies and Services Limited
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

MARCH 15-16
Global Securities Administration
GSCS Benchmarks and ICB Magazine present this conference focusing on business and operational issues of securities processing in international markets. Sessions include service and counterparty assessment and market mechanisms. £650 + VAT.
Contact: Françoise César
Tel: 0171 609 8661 Fax: 0171 609 0139
LONDON

MARCH 15-16
UK Cable, Telephony & Finance
An in-depth conference on the future of UK cable & telephony industry, and the opportunities for public & private finance.
Contact: Patricia Baynton, Kagan World Media Limited
Tel: 0171 371 8880 Fax: 0171 371 8715
LONDON

MARCH 21-23
Understanding the Mathematics of Financial Instruments & Markets
This comprehensive 3-day course is designed to explain financial mathematics in an applied context and uncomplicated way. Unravel the complexities and mechanics of applications and price calculations for advanced financial instruments.
Contact: Jeff Hearn, International Faculty of Finance
Tel: 0171 344 3830 Fax: 0171 344 0083
LONDON

MARCH 23
How to lead in a changing world
Leadership is critical to the performance of any company large or small. This one-day conference will look at the challenge of strategic leadership. Speakers will include Professor John Adair, Jack Rowell, Chris Swan, Gail Rebuck and David Potter.
Contact: Institute of Directors
Tel: 0171 730 0022
LONDON

MARCH 23
Polymer Potential: Designing the Future with Plastics
One day series of workshops exploring new polymer technology and the versatility of plastic in design, building, construction and recycling, with leading experts and industrialists. Organised by the Design Museum and sponsored by the DTI.
Contact: Alison Ashford, Design Museum
Tel: 0171 403 6933 Fax: 0171 378 6540
LONDON

MARCH 23-24 1995
PlanEcon Business & Energy Conferences
Transition & Recovery in Eastern Europe and the Former Soviet Republics and East European & Former Soviet Energy Sector: Recovery in Sight? PlanEcon, DRI/McGraw-Hill conferences with Boris Fedorov, Petr Bod, and Terry Adams.
Contact Corinne Redonnet on
Tel: + 44-81-545 6212.
LONDON

MARCH 28
Telephone Communication Skills
An interactive course for anyone dealing with customers over the telephone, covering areas such as handling complaints, controlling calls and asking for information. An opportunity to develop your skills in a non-threatening environment. £245+ VAT inclusive of lunch, refreshments, course material.
Contact: Structured Training
Tel: 01926 337621
LONDON

MARCH 28-29
Electronic Messaging
Electronic messaging is one of the most important requirements to survive in an increasingly dynamic market and to play a role in its future. Topics include: interconnecting existing messaging communities; workgroup computing; mobile and remote workers; electronic messaging and EDI; desktop applications; information security standards.
Contact: Unicom Seminars
Tel: 0895 256 484 Fax: 0895 813 095
LONDON

MARCH 28-29
The Role of IT in BPR: Enabler Versus Dictator
This seminar examines intersections and synergies between BPR and information technology, and investigates pros and cons of application-pull versus technology-push. It identifies the critical success factors in BPR; explains the practical steps to exploit the synergies; analyses the role of the IT community in BPR. Followed by a separate two-day workshop: "Aligning IT and BPR: building the enterprise model."
Contact: Unicom Seminars
Tel: 0895 256 484 Fax: 0895 813 095
LONDON

MARCH 29
Creative Telephone Techniques
An ideal course for experienced telephone salespeople who wish to develop their existing skills and maximise their potential with advanced techniques that really work. £245 + VAT inclusive of lunch, refreshments, course material.
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Tel: 01926 337621
LONDON

MARCH 29
UK Coal - A Fresh Start
A one day seminar for the coal industry, discussing vital issues as the industry moves into the private sector. To take part in a key debate, contact Carol Smith.
McCloskey Coal Information Service
PO Box 15, Petersfield, Hants GU32 3RG
Tel: 01730 265095 Fax: 01730 260044
LONDON

MARCH 29-30
How to successfully plan and manage re-engineering projects:
The role of frameworks, information technology and software tools to support process redesign.
Presents a practical guide to managing the analysis, redesign, modelling & implementation phases of process re-engineering. Outlines how to develop new skills & capabilities, & how to apply the latest software tools & methodologies.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
LONDON

MARCH 29 & 30
Essential Tax Planning for Groups of Companies - 6th Annual
An essential briefing on the most important domestic and international corporate tax planning issues including: the new FIDs regime, efficient VAT planning; group financing techniques; taxation of interest, recent UK tax treaties; and tax planning tips after the Finance Act 1994 and the Finance Bill 1995.
Contact: Kate Roberts, IBC Legal Studies and Services Limited
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

MARCH 30
Banks, The City and Politics
The banks and: the economy; industry; the press; the government. The Chartered Institute of Bankers' first annual conference is sponsored by AT&T and will be chaired by Sue McGregor. Speakers include Eddie George, Tom Farmer and Christopher Fildes.
Contact: Gillian Wright, CIB
Tel: 0227 762600 Fax: 0227 763788
LONDON

MARCH 30-31
MBOs: The Managers Guide
There are huge difficulties and immense personal strain involved in carrying through a successful management buyout. Acquisitions Monthly, in association with Wilde Sapte Solicitors, has developed a practical training guide for managers - highlighting the key issues and explaining the practical and commercial aspects of the process.
Contact: Acquisitions Monthly
Tel: 0171 823 8740
LONDON

APRIL 5 - 6
Major Projects - Can we afford them?
If the public and private sectors are to collaborate to develop a better infrastructure for the UK there must be a willingness to invest in major projects. The conference will address this issue, the Private Finance Initiative and the question of perceived risk inhibiting investment.
Contact: Rachel Conlon, Institute of Civil Engineers, Conference Office
Tel: 0171 839 9805 Fax: 0171 233 1743
LONDON

APRIL 6
Local Authorities and the Private Finance Initiative (PFI)
This event is designed to instruct Local Authorities and Private Investors on how they can best meet the objectives of PFI in areas such as road, education, housing and health care.
For further details, contact Claire Dexter, The Waterfront Conference Company.
Tel: 0171 730 0410
LONDON

APRIL 24-27 & SEPTEMBER 11-14
Fundamentals of Fund Management (Residential)
Suitable for all those who require a thorough understanding of the overall investment management process - operations personnel, regulators, consultants, accountants, traders and bankers - wishing also to take advantage of the intensive learning environment provided by a country residential programme. Particular emphasis will be placed on constructing a portfolio and managing it.
£1,850 plus VAT Director: Dr Terry Watsham
Contact: BPP Bank Training - Hilary Jackson
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

APRIL 26-27
Derivatives Risk Management
Executives in the financial industry involved in planning, organising and directing financial instruments in banking and treasury departments. Developing new financial products; Trading in derivatives; Controlling exposure and risk; Developing the technology to support derivatives. £790 plus VAT
Director - Prof Dimitris Chorafas
Contact: BPP Bank Training, Hilary Jackson
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

APRIL 26-27
Re-engineering Customer Relationships:
How to redesign core processes and transform corporate culture to achieve service excellence. As products become easier to imitate and markets increasingly crowded, companies are realising that high levels of customer service and satisfaction are now key to achieving competitive advantage and sustaining profitability.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
LONDON

APRIL 27-28
Prepayment Cards '95
Second annual event examining the commercial opportunities in electronic purse and prepayment cards. Keynote address from Tony Surridge, Chairman of Mondex UK, as well as practical case studies including: London Transport, DANMØNT, Barclays Bank, Severn Trent Water, Greater Manchester Passenger Transport Executive.
Contact: AIC Conferences
Tel: 0171 827 5965
LONDON

MAY 2
Preparing the Organisation for the 21st Century - Business Transformation
This intensive one day seminar draws on the latest research from Harvard, MIT and Henley Management College, and discusses how businesses should gear themselves to the impending challenges of the 21st Century. Learn about the impact of corporate strategy thinking on the IT function, methodologies for effective transformation and how to evaluate a transformation. £455 + VAT.
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INTERNATIONAL

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Contact: Jacqueline Hives, BSC
Tel/Fax: 0572 822699
MUNICH

MARCH 9
Portfolio Investment in the Russian Federation
An international conference looking at the latest developments in the Emerging Capital Markets of the Russian Federation, covering equity and debt markets. Presentations by leading experts, brokers, investment bankers, fund managers, Russian corporates, and Russian policymakers on the economic reform programme.
Contact: Arielle Savona, Dow Jones Telerate
Tel: +44 (0) 171 832 9737 Fax: +44 (0) 171 353 2791
SWITZERLAND

MARCH 14 - 15
GULF 95 The way ahead for Industry
Gulf 95 aims to explore the issues facing Middle East industry. Speakers will include Saudi Arabia's Industry Minister Abdel-Aziz al-Zamil, three other Gulf cabinet ministers, Percy Barnevik chief executive of ABB Asea Brown Boveri, Horst Teltschik board member of BMW, RJ Shahaney of Ashok Leyland Madras, plus other key figures in industry.
Contact: MEED Conferences, London Tel: 0171 404 5513 Fax: 0171 430 0337
MANAMA, BAHRAIN

MARCH 21 - 24
European Business Information Conference
The international forum for anyone researching information about business in Europe. Sources and techniques for finding, using and understanding information about companies, markets, products, regulations, standards etc. Papers, workshops, case-studies and product reviews. Excellent value.
Contact: Jenny Perry, TFPL Training
Tel: +44 171 251 5522 Fax: +44 171 251 8318
e-mail: 100067.1560@Compuserve.com
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MARCH 23
Eurobudget 95 Conference
Business opportunities for funding or work in 80.9 billion Ecu 1995 EU Budget expenditure, for national, regional, local authorities/private sector consultants, suppliers, contractors. Includes 200 page EU Budget Guide.
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BRUSSELS

MARCH 23 & 24
Investing in the Russian Securities Market
Will identify sectors of the Russian economy that are most attractive to foreign investment post privatisation. Addresses the opportunities and challenges of investing in the Russian securities market by demonstrating how to overcome the risks.
Contact: Mark Wheeler, Euroforum
Tel: +44 (0)171 793 1230
Fax: +44 (0)171 793 8544
MOSCOW

MARCH 27-29
Sub-Saharan Oil & Minerals
The foremost conference on African oil and mining. Speakers include President Mandela and Cabinet Ministers from over 30 African countries. Co-hosted by the SA Chamber of Mines; Gabonese Ministry of Mines & Energy; Nigerian National Petroleum Corporation; Sonangol; SA Ministry of Mineral & Energy Affairs and Europe Energy Environment.
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Tel: 44-71-600-6660 Fax: 46-71-600-4044
JOHANNESBURG

MARCH 29 & 30
Central & Eastern European Power Industry Forum
The latest and future developments in the electricity generating industry in Central and Eastern Europe. A Forum on ownership issues, creative project financing, competition and cooperation opportunities. High level.
Contact: PennWell C&E
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WARSAW, POLAND

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The Asia Pacific Billing Systems Event
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Tel: Hong Kong: +852 2409 0958
UK: 0171 274 8725
KOWLOON

MAY 16
Euro SMEs 95
European Union finance for Small and Medium Sized Enterprises: including vocational training, employment, R & D, telecomms, IT, networking, subcontracting, regional development etc. Top speakers from EC and financial institutions.
Contact: Société Générale de Développement SA
Tel: +322 512 46 36 Fax: +322 512 4653
BRUSSELS

MAY 16-18
POWER-GEN Europe 95
Investment and financing in the Power industry. Trends and Policies, Combustion and Operating Power Plants 150 selected conference presentations. Over 230 exhibiting companies. Delegates and visitors from over 51 countries, especially from Central, Eastern and Western Europe.
Contact: PennWell
Tel: 31-30-650.963 Fax: 31-30-650.915
AMSTERDAM

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World Aid/Euro Aid 95 Conference & Networking Exhibition
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BRUSSELS

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MANAGEMENT

Fundamental changes in Australia's savings markets have forced big reforms at AMP, says **Nikki Tait**

A punt on the outsider theory

George Trumbull, the US insurance executive called in last year to run Australian Mutual Provident, Australia's largest life insurer and its biggest stock market investor, would like to alter his office.

This is surprising. After all, there is a thick carpet, padded furniture, and the mandatory view of Sydney harbour. But Trumbull is unhappy. "This office is typical of the old mutual mentality," he says dismissively. "I don't need an office this size. I could put a wall here." He draws an imaginary line across the generous space. "Perfectly comfortable."

A little less energetically, the AMP's new boss admits that architectural refinements may not be the best use of policyholders' money. But he quickly adds that one of his first acts after arriving in August was to abolish a fiendish security system for reaching the executive floor.

Executive access and more spartan office arrangements might seem trivial issues in the context of a life company with A$80bn (£40bn) under management and over 5m policyholders – particularly one which has just agreed the largest consumer compensation payout in Australian history. But they speak volumes for current efforts to persuade the public that big reforms are under way at AMP, and at its large UK subsidiary, Pearl, acquired in early 1990.

In part, these initiatives derive from recent top-level personnel changes, of which Trumbull is the most prominent and senior. But in even larger part, they stem from some fundamental shifts in the two countries' savings markets and a realisation by both groups that they need to enter the 21st century quickly.

AMP's problem is essentially one of a big organisation which reached a commanding position in its particular industry, and then became extremely tardy in responding to new competition. Its origins date back to 1849, and for much of the current century it has dominated the Australian savings industry. In the late 1980s, it accounted for about one in three life policies written. At the end of 1993, its Australian-listed equity holdings were worth A$11.5bn, about 4 per cent of the total market.

This pre-eminence was challenged a decade ago by National Mutual, the number two player. But National Mutual's ambitions were fairly short-lived: its financial situation became precarious, and it is currently in the process of accepting a A$1.1bn capital infusion from France's Axa in exchange for operational control. By contrast, AMP retains a triple-A claims-paying rating from Standard & Poor's, the highest possible grade.

If AMP's decades of dominance did not carry a heavy financial toll, they did extract a "cultural" price. In recent years, the insurer has been widely viewed as bureaucratic, slow and arrogant. One survey of 300 brokers, published in late 1993, suggested that AMP provided the worst service of any insurer operating in the corporate market.

No one is more aware of these "cultural problems" than Trumbull. His assessment was summed up in a recent submission to the AMP board. One of the tasks, he wrote, "was to break down a bureaucracy where status and position instead of results and capabilities were the measures of success".

But it is the shifting structure of Australia's savings industry which has made the need for change urgent. Massive growth in corporate superannuation, for example, has encouraged a clutch of new entrants to peddle fund management services.

Or take the distribution front. Changing work patterns and lifestyles diminished the role of tied agents, and the AMP was forced to cultivate relationships with independent advisers. Yet many saw the insurer's products as comparatively high-cost, containing hidden penalties, and supported by indifferent investment performance.

By September 1994, according to the Insurance and Superannuation Commission, AMP's share of total life premiums had dwindled to 19 per cent, compared with 27 per cent five years earlier – a significant loss of market share.

Enter Trumbull. When directors recruited the 50-year-old Dartmouth graduate from Cigna, the giant US composite, they privately acknowledged that this was a punt on the "outsider" theory. Someone uninhibited by AMP conventions and hierarchy, it was argued, would be best able to shake out old habits.

There is no doubt that Trumbull, who has set in train a series of lower-level executive changes, is a gust of fresh air, although quite where this eventually blows AMP remains to be seen.

At least one possibility is down the demutualisation road. This process, whereby a policyholder-controlled organisation turns itself into a conventional shareholder-controlled company, has been something of a fashion among insurers internationally. However, it remains a contentious subject, especially when the insurer is not under financial pressure.

The AMP, until Trumbull's arrival, had ruled out such a momentous change.

The new boss, however, is actively reappraising the option, and expects to reach a conclusion by the end of this year. He also gives some indication of where his feelings lie.

"I think it would certainly help the culture to change more quickly. It would encourage a sense of urgency, in terms of getting after some things. For example, we don't have the systems to publish our earnings quarterly. If we were a shareholder-owned company, do you think I'd get away saying to analysts and shareholders we'll let you know in six months what our earnings are?" A visible market rating would also provide an added incentive for management and employees, he suggests.

But if demutualisation were approved, it would be several years before the complex process could be completed and the supposed management benefits flowed. So what happens in the interim?

"It starts with people," replies Trumbull. "We need to do more management development in both the AMP and the Pearl. Some of it is acting the way we talk, providing the leadership in the organisation, starting with me."

To explain what he means, Trumbull cites a recent effort to produce an update on the 1995 business plan from the group's array of business units. "The first document it produced from one business unit was 300 pages long," he remarks grimly. "I said I wanted a summary. The summary was 64 pages long.

"What we actually presented to the board was eight or nine pages plus a summary of the 1995 business plan, which was six or seven pages. Now, I didn't do this for the board. I did it for the management of the company. To get the right kind of focus. When you have to do it in seven or eight pages you can only put down the things which are really important."

Simpler, perhaps, are the planned changes to the remuneration system. Trumbull has board approval for a new short-term bonus programme, and has every intention of "paying for performance".

"We ought to have great differentiations in our bonus payments for higher-level people, like zero to 200 per cent of whatever the bonus might be," he says. "Big differences. In the past, some people got zeros, but there was not much differentiation. The Australian approach has been to put most of the compensation in salaries."

One wonders how this will sit in the Australian environment, where US-style compensation packages tend to create problems, and how, in particular, union representatives will respond?

Trumbull is unfazed. "I think we'll have to work it through with the union, but I'll start with management before I push it down. Australians might be grossed out about how much money Americans can make, but while we may make a lot of money, it is at risk."

In the marketplace, more specific changes are promised. Alternative distribution methods are under consideration, and Trumbull expresses some admiration for Direct Line, the UK's telephone-based insurance operation now owned by the Royal Bank of Scotland.

The eventual solution, he thinks, will be multi-faceted. "I favour a whole range of things. Independent financial advisers. Plus some sort of no-commission, quasi-direct system, although that doesn't mean no distribution costs. Fidelity in the US or Direct Line in the UK have significant distribution costs, whether it's 0800-numbers or direct advertising. In the meantime, the 2,000-strong agency force, cropped to half its peak size, will probably stay at around this level."

And if the banks are trampling into AMP's territory, Trumbull says he will take the fight to them. "We need to look at new products. We are already doing what we call the 'blue ribbon' mortgage product, which is being sold by our agents, and I think ultimately we'll make it available to the marketplace in other ways." Other initiatives, he says, could include a bigger push into the unit trust business, and the introduction of some "selective" general insurance products.

He tends to downplay, though not rule out, any kind of banking acquisition – something the previous management flirted with despite the regulatory hurdles. But the aim is clear: "Our objective over time is to be more of a financial services company than a straight life insurance company."

Another American with a mission

The view from the Peterborough headquarters of AMP subsidiary Pearl Assurance looks calm, but Richard Surface, the life insurer's new managing director, sees seismic shifts in the UK personal financial services sector over the next few years.

Surface's mission, which began just over a week ago when the 46-year-old American was brought in to run AMP UK, is to enable Pearl to succeed in a fast-changing landscape.

New organisations, from Marks and Spencer to Virgin, are planning to enter the sector while conventional life companies are under great pressure to cut their costs.

Regulatory requirements are also becoming tougher, and companies must make policies more flexible to suit more uncertain employment patterns.

Pearl's dominant tradition is in selling through a direct salesforce which visits customers at home. Some of this business is "industrial branch" business, in which sales agents call regularly to collect cash premiums and only a limited range of policies can be sold. It is likely to reduce in importance.

It is clear Surface would like to see Pearl broadening its distribution and increasing its range of products. In particular, he talks about selling through independent financial advisers as well as a direct sales force, although he is doubtful about how many organisations have properly managed distributing products through more than one channel.

"The trick," he says, "is to create focus with separate, stand-alone business units, rather than make the mistake of avoiding duplication at all costs. In a wholesale business" – as he describes selling through independent advisers – "you can grow fairly quickly because you don't have to build distribution."

In terms of products, he says that unit trusts are "still an elitist market right now" but that, along with Peps, they could become the growth area of the future as sales to the middle market increase.

Pearl has a base to build from here: its unit trust sales last year totalled £191m, an increase of almost 30 per cent over 1993, compared with an overall fall in new business of 17 per cent.

Surface does not believe, however, that this field will be left to life companies: he can envisage unit trust groups increasing their advertising and dropping their management fees in an attempt to reach the middle market direct.

But in long-term healthcare – another area he says is likely to grow, perhaps helped by government incentives for people to make their own provision – Pearl would be starting from scratch.

Such market developments suggest Surface will have plenty of ways to fulfil the other part of his task – making better use of Pearl's £1bn-plus "lazy capital". The changes he envisages are anything but superficial.

Alison Smith

PIONEERS AND PROPHETS

Fritz Schumacher

Fritz Schumacher, the German-born author of *Small is Beautiful*, achieved lasting fame for his insistence on a "human scale" in business, economics and politics. On his death in 1977, one obituary argued that he had begun "to change, drastically and creatively, the direction of human thought".

Schumacher's central idea was not his alone. His friend Leopold Kohr anticipated the concept when he wrote about the "beauty of the small" in *Breakdown of Nations*. The title *Small is Beautiful* of Schumacher's 1973 book was thought up by his publisher.

Nonetheless, Schumacher's work struck a chord that has continued to reverberate more than two decades later. Schumacher's attack on "the idolatory of giantism" was in tune with the 1970s disillusionment with large, impersonal corporations. He argued that "organisations should imitate nature, which doesn't allow a single cell to become too large. When it grows big, it splits."

For example, he believed that the achievement of Alfred Sloan at General Motors was "to structure this gigantic firm in such a manner that it became, in fact, a federation of fairly reasonably sized firms".

Schumacher who was born in Bonn in 1911, studied economics at Oxford and taught at Columbia University in the US. After a brief period in Germany, his hostility to Nazism resulted in a return to the UK in 1937. He worked as a farm labourer during the second world war, and then returned to Germany as economic adviser to the British Control Commission. Between 1950 and 1970 he worked as economic adviser to the National Coal Board.

It might seem odd that a proponent of small is beautiful should be identified with a nationalised industry. However, he argued that the National Coal Board, under the chairmanship of Lord Robens, attempted to change the monolithic face of the company into one that resembled a federation of numerous "quasi-firms".

Schumacher's influence has extended to millions. Aspects of his work are echoed in popular management prescriptions. For example, his belief that people should be organised in small decision-making units is reflected in the current emphasis on empowerment.

But the most influential aspect of Schumacher's work concerns the application of low-cost tools and equipment in rural areas. In an article in the Observer in 1965, he argued that western technology "devised mainly for the purpose of saving labour" was unfit for countries with vast, jobless populations.

The Intermediate Technology Development Group, a charity he set up the following year, continues to seek small-scale solutions to technical problems in the third world, by combining western know-how with local skills and resources.

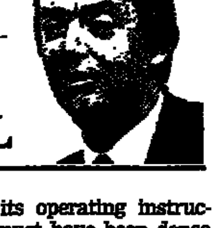
Schumacher's challenge to conventional economics, together with his interest in eastern religion, meant he was sometimes seen as a crank – a reputation he enjoyed. "A crank," he said, "is a piece of simple technology that creates revolutions."

Vanessa Houlder

This ends the series.

Advertisers pause for thought

MICHAEL THOMPSON-NOEL



Marketing folk are becoming fussier about whom they target. That is the conclusion being drawn from a drive in the US to aim products at a highly specific group – menopausal women. In recent months, advertisements for vitamin, hygiene and other products aimed at this group have appeared in women's magazines and on radio. Coy they are not. They use the word menopause.

Thus they mark a new attitude towards the female change of life – and confirmation that companies are working harder to target their sales more accurately. No longer are products being hawked willy-nilly.

Because of changing demographics, more women are entering menopause than ever. There are about 45m American women over 45. The US census projects that 20m more women born during the 1950s baby boom will reach 45 by 2000.

"As more women are entering menopause, they are reading more about taking care of their bodies," says Audrey Ashby, a spokeswoman for Wyeth-Ayerst Laboratories, a division of American Home Products, which makes the leading US oestrogen replacement medication, Premarin.

Changes in demographics are always monitored and then pounced upon by marketeers, keen to grab their "share of customers". Via mass media advertising and mail shots, they are using mature women to tell others that their lives will improve, and their menopausal discomforts abate, if they use a particular product.

But they have also started to pursue customers almost individually, according to Martha Rogers, associate professor of telecommunications at Bowling Green State University, Ohio. For example, if a woman buys a prescription for oestrogen replacement or sends in a coupon for a hygiene product, she may be placed on a list sold to companies that make other products that would appeal to her. Advertisers know the woman is menopausal because of the type of product purchased, so they are able to target customers who probably *want* their products.

This is niche marketing writ large. It is also a bit eerie – though nothing, I imagine, compared with marketing techniques of the future, when narrow-casting (the opposite of broad-casting) is fully into its stride.

In a few years, I expect to see ads aimed at people who drive seven-year-old white Rover cars. Or people who own nine sweaters, each of them patched at the elbows. Or people who have purchased a £265 video recorder which is sitting there idle because its operating instructions, which must have been dense to start with in the original Japanese, have become, translated into English, probably by way of German, fiendish beyond toleration.

I am always sceptical of the claims made about product placement – shots of branded products, especially in films, TV programmes and computer games, which are always said to be worth megabucks to the companies that own the brands. For example, Sony and IBM are not buying advertising time on one of the most watched shows on US daytime television, the trial of O J Simpson. But they are reckoned to have got some priceless exposure out of it anyway.

Millions of viewers have seen the logos of both companies on the computer gear used by Judge Lance Ito. "You can't pay for that stuff," says Donny Deutsch, who heads his own New York advertising agency. "It's better than any 30-second commercial because it's real life."

It is common for companies to pay hundreds of thousands of dollars to get their products used as props, although in the case of the Simpson trial, Sony and IBM say they paid nothing for the exposure. All they did was loan their equipment to the judge.

Sony's name was highlighted on a computer monitor between the judge and the witness box. But, because of complaints from viewers, it said it would replace the monitor or repaint it to make its name less conspicuous. The judge has also frequently used an IBM Thinkpad portable computer that carries an oversized IBM logo, though it was the judge, not IBM, who stuck the symbol in front of the cameras.

The cost of buying equivalent exposure in TV commercials would be staggeringly large. Court TV, a cable station that focuses on legal issues, is covering the trial gavel-to-gavel, and CNN and others are providing extensive coverage. Clips from the testimony are repeated countless times on the news.

Sony and IBM deny that they loaned the equipment to gain TV exposure. They just hoped it would work well and help sales. But there must be many people who resent seeing branded products displayed anywhere other than in advertisements. Spokeswoman Jerrianne Hayslett says that Judge Ito's court was receiving 30 to 40 calls a day from viewers complaining about the Sony and IBM logos. "We're not in the business of giving free advertising," she said. "The judge just needs the equipment to get his job done. We're exasperated."

BUSINESS TRAVEL

Security threat

The US has ordered tighter security on all US airline flights in Europe and Africa, following new information about possible bomb threats, the state department said. It added it was extending to Europe and Africa warnings issued last month about possible bomb threats against US flights in Asia.

Stiffer security measures ordered by the Federal Aviation Administration would remain in effect as long as necessary. The FAA initially ordered US carriers operating in Asia to strengthen security on January 10. A week later it called for even tighter measures, such as a ban on liquid and gel-like substances in carry-on luggage. Now it has issued similar directives to US carriers operating in Europe and Africa.

The state department stressed that the FAA believed the new measures were sufficient to counter the threats, and had not directed airlines to cancel any flights.

Airline accolade

Singapore Airlines was rated the world's best airline in 1994, according to a survey of 46 carriers, *Reuter reports from New York.* The Zagat survey said Singapore Airlines had an overall rating of 28.85 out of 30. Swissair was second with 23.93.

Findings were based on a poll of 8,394 frequent flyers, including 867 travel industry professionals. Cathay Pacific was rated third; British Airways 12th. Midwest Express, fourth, was ranked top US airline. Generally, America's biggest airlines fared extremely poorly. Bottom was Russia's Aeroflot.

Asked what changes they most wanted, four in 10 customers cited more comfort.

Train not plane

Aviation fuel should be taxed like petrol to encourage short-haul travellers to take the train rather than fly, Angela Merkel, Germany's environment minister, said last week.

She said Germany would press for an international agreement to tax aviation fuel. "We are making the car into the environmental bogeyman, but forgetting the catastrophic effects that growing air traffic has on the climate." Dearer airline tickets would make trains more competitive.

Fines for disruptions

An airline warned last week that passengers who caused disturbances on flights must pay compensation. Britannia Airways, second biggest UK airline, said it would not hesitate to take a hard line with disruptive customers.

Last week it won a civil action against a drunken passenger who forced a Gatwick-Rhodes flight to land in Munich. He has been asked to pay £17,000 in costs.

Nine days ago a man was arrested after a fight on a Britannia flight from Tenerife. Cause of the fight: seat-kicking from behind.

Flights to Berne

London City Airport is starting a new scheduled service to Berne by Swiss airline Air Engiadina, and will shortly be offering flights to four Swiss cities. The others are Lugano, Geneva and Zurich.

Flights to Berne start on March 26, when the airline transfers its current service from Stansted. It plans two return flights a weekday from London City to Berne: 8.05am and 7pm. Berne to London: 7am and 5.50pm.

William Charnock, London City's managing director, said: "This will be the first commercial aircraft of this type to operate from London City."

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	11	10	10	9	11
Hong Kong	21	20	21	21	20
London	11	13	12	10	11
Frankfurt	11	11	12	11	11
New York	-1	2	6	10	10
L.Angeles	18	16	17	17	17
Milan	9	11	12	14	15
Paris	13	12	14	12	12
Zurich	11	9	13	11	11

Maximum temperatures in Celsius

Information supplied by Meteo Consult of the Netherlands

Victoria Griffith describes experiments with ticketless travel among US airlines

With nothing to show for it

Airline tickets, part of every traveller's life since the dawn of air travel, may soon go the way of black and white TV sets and rotary-dial telephones. New ticketless systems are gaining ground in the US airline industry.

United Airlines and Delta Air Lines are experimenting with the new technology on domestic flights; Atlanta-based discount carrier Valujet is completely ticketless; and up-and-coming Southwest Airlines is offering ticketless services on all its flights.

Absent-minded flyers may appreciate the new system, since there is no airline ticket to lose or leave at home. Ticketless travel is similar to reserving a hotel room or rental car. The traveller usually reserves a flight with the airline, pays with a credit card and receives a confirmation number. At the airport, he swaps the confirmation number for a boarding pass and heads for the gate.

If he forgets his number, the attendant looks for his name in the computer. Receipts are either sent by mail or fax before the flight, or issued with the boarding pass.

Variations exist. Delta, for instance, issues smart cards to ticketless travellers. The smart card contains customer information, including frequent flyer numbers and billing address.

At present, ticketless Delta passengers still have to hand the card to an agent, who passes it through a reader and hands him a receipt. Delta's goal, though, is a fully automated system which would allow flyers to slip the card through a device at the boarding gate to get on the aircraft.

'It's clear that some people feel the need for the security blanket of a ticket'

Frequent flyer mileage and billing arrangements would be processed automatically. The system might save a lot of hassle, but passengers would still have to remember their smart card.

Reactions to ticketless travel have been mixed. "We do a lot of ticketless booking," says John Colwick, president of Colwick Travel in Dallas. "It's convenient because customers don't have to come in to pick up tickets or risk their being lost in the mail."

Some companies, however, are resistant to the new service. "A lot of our executives come across unused tickets that they've forgotten about two months down the line," says Jane Murphy, travel co-ordinator for the environmental engineering group TPA. "We can cash those in, but ticketless doesn't leave much of a paper trail and I'm very concerned about that."

To make sure no charges are incurred for flights they reserved but didn't use, business travellers have to remember to tell their companies that a refund is in order. Their travel department must then monitor its credit card bills to make sure it does not pay for unused reservations.

Some ticketless travellers complain that they now have to stand in line at the airport to pick up their boarding pass, whereas previously those with carry-on luggage only could be whisked through to the gate.

Others simply prefer the old-fashioned way. "From our customer feed-back, it's clear that some people feel the need for the security blanket of a ticket," says Edward Stewart, spokesperson for Southwest Airlines.

While ticketless travel may be suitable for simple-route domestic travel, multi-carrier and international trips pose a challenge. "The system doesn't work very well if the passenger has to change to another airline in mid-trip," says Julius Maldutis, airlines analyst at Salomon Brothers. And many countries require airline tickets in order to issue visas and process travellers through customs.

Regardless of passenger sentiments, airlines will probably continue to push the ticketless system for cost reasons. Airline tickets cost between $15 and $30 each to issue, and companies say that, by eliminating that expense, they can stay more competitive.

Delta, in fact, predicts that the whole industry will be ticketless in five to 10 years. "I don't think that will happen," says Maldutis of Salomon. "But ticketless travel will be a growing force over the next few years."

Up, up but not away

Scheherazade Daneshkhu on the rise in business travel expenditure

Is it good or bad that business travel expenditure is on the way up? Predictions are that expenditure last year was higher than the $500bn spent worldwide in 1993. In 1990 it was an estimated $400bn.

Many take this as an indication that the recession in Europe and the US is being left behind. "In the UK, just over £19bn was spent on travel and expenses and the figure for 1994 will probably be greater because there is a need for companies to do business," says Brent Stevens, head of American Express Consulting.

Providers of goods and services can take cheer from the growth in business, although margins are being cut by increased competition to deliver cheaper services.

But the higher figures are being received with mixed feelings by companies in general, for which business travel is often their third largest expense after salaries and information technology.

Controlling companies' costs was one of the main themes explored in a series of seminars at the Business Travel '95 exhibition at Wembley, London, last week. There is already a good deal of evidence that companies have been restraining the growth of their business travel expenditure. In the US, average spending per employee in the private sector fell to $2,484 in 1993 from $3,113 in 1991, according to Amex.

Visa International also rules out any return to the high spending of the late 1980s. John Chaplin, the company's senior vice-president of market development, says: "Our figures paint a very clear picture – higher overall spending on business travel but, at best, very flat individual ticket values."

Most companies now have some sort of policy for business travel and related expenses – 62 per cent of European companies and 68 per cent of US multinationals, according to Amex.

But cutting costs heavily without listening to the needs of employees will lead to dissatisfaction, says John Cash, manager of purchasing and travel operations at Rank Xerox, which reduced its travel costs 2¼ years ago. He estimates that it has saved £3m a year on an annual bill which used to be £9m.

John Cash offers several rules for companies to follow:

- Display the travel policy and show it to all employees. Once it is on paper, senior executives generally do not want their arrangements to differ too much from the core policy.
- Make the policy easier to follow than to avoid. If most people prefer to fly from Heathrow, do not book them on airlines that use Gatwick.
- Negotiate traveller benefits with suppliers, as well as discounts.
- Keep a note of why employees have not conformed to the travel policy, but do not use this information to bully them. If a more expensive class or carrier was chosen, it might be because flights were full.
- Agree and monitor the performance criteria of the travel agent and hotels. It is important for suppliers to know what is expected.
- Pay travel agents a fee, supplemented by bonuses, instead of letting the agent receive commission from suppliers. This makes clear who is working for whom.
- Give employees an incentive to take a cheaper flight by passing on some of the savings to him or her (even though this is taxable).

On the future of business travel, few people at the seminars believed that video conferencing is a viable substitute for the bulk of business travel, although it could act as a useful follow-up to travel.

Dale Scholefield, sales director at Gray Dawes, believes that e-mail links – which are increasingly used between companies and their travel agents – will put companies directly into contact with central reservations systems.

ARCHITECTURE

Dan Dare on the radio

Colin Amery finds Richard Rogers' first Reith lecture at odds with his work

Sir Richard Rogers is the Dan Dare of architecture, and he will be thrilling Britain with his exploits every Sunday at 7.30pm on BBC Radio Four until March 12. Rogers is the first architect to deliver the prestigious Reith lectures, and his subject will be the fashionable one of worrying in public about the state of our cities. He has called his series of lectures *Cities for a small planet.*

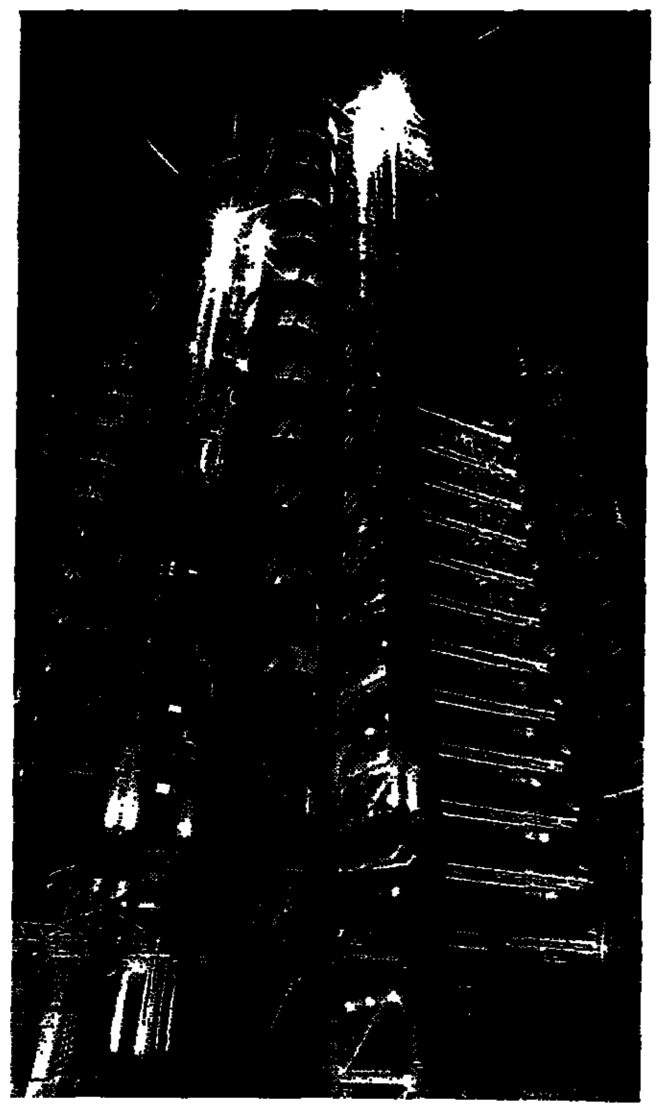
The choice of Rogers is a strange one because he is certainly not known as an intellectual, and in his talks and lectures in the past he has not contributed a single original thought to the debate about our urban environment. But he has always been an original and controversial architect. His built works have caused as much dismay as joy in the cities where they have landed.

The idea of him giving these lectures is a surprising and perhaps brave one. The fact that the lectures are by tradition confined to radio means that they cannot be illustrated, so listeners will need a visual primer at hand to illuminate Rogers' architectural words.

Architects are not often good writers or lecturers, and it is perfectly reasonable that they should be judged only by their buildings. By plunging into the public arena as a guru, Richard Rogers exposes himself and the architectural profession to fierce public debate and criticism, though he should not be judged on the collected thoughts of his research team.

It is too soon to review all the lectures (the first was delivered last night) as they are being written right up to the broadcasting deadline, but the first of them, *The Culture of cities*, offered a very mixed bag of ideas. First of all, Rogers was alarmist. He pointed out that the mad rush of urbanism in this century has meant that an area of settlement the size of London appears on the world map every month. Can this be true?

He called on architects to be ecologically responsible and to promote sustainable development. At the same time, he promoted the tiresome and old-fashioned view that "the spirit of modernity" is something to celebrate for ever.



Ashley Ashwood

The Lloyd's building in the City of London

One has to question the ecological sustainability of the Lloyd's building – Rogers' contribution to the City of London – and, indeed, the sustainability of many of his own architectural ideas.

Not many would disagree with his enthusiasm for Siena, for pavement cafes, for the covered Galleria of Milan or for the Ramblas of Barcelona. But it is hard to see how Rogers' ghastly Pompidou Centre has done much for the cafe life of Paris. He is always telling us that millions of people crowd around in the square in front of the Pompidou Centre to watch a lot of scruffy jugglers. Yet more people go to Versailles or enjoy the Jardin de Luxembourg where they can be spared the sight of the technicolour scaffolding that makes up the architecture of the Pompidou.

There is such a discrepancy between Rogers' architecture and his thoughts. He really appears to believe in the traditional high density European city where people live and work close to all the things they enjoy. But what he doesn't seem to see is that it is "the spirit of modernism" he worships which has been responsible for so much of the destruction of liveable cities.

Look at his own plans for London that were displayed in his exhibition at the Royal Academy in 1985. In theory they looked interesting. Pedestrians gained a priority they seriously need in London. But then Rogers' own architectural proposals – which looked like a series of refineries along the Thames – appeared harsh, alien and temporary. It was Dan Dare at work: a man of the 1960s with a dated visual vocabularly.

I feel this is the case, too, with the weird Rogers scheme for the South Bank of the Thames where he plans a huge and impractical glass roof over the Hayward Gallery and the Festival Hall. His drawings for this are desperately vague, relying a great deal on the fluttering of flags and banners to bring the scheme to life.

What is intriguing when you listen to Rogers is how much he has been influenced for the better by the Prince of Wales. He and Prince Charles have very much the same outlook. Both want traffic under control. Both want neighbourhoods that are small and safe. Both want London's riverside to be civilised again. Both love Italy (Rogers is half Italian) and both are passionate about architecture.

There is one big difference, however: Rogers fell for the fantasy of modernism and dare not now denounce it. His spaceships will continue to land on a planet that is actively hostile to them, and among his passengers will be the trendy – fashion victims, and those afraid to look beyond the surface – rather than the thoughtful. He will appear concerned by apparently taking on all the fashionable ecological and environmental concerns of a whole planet.

In the weeks to come we are going to hear about the joys of the new Shanghai and the new Berlin. We are – rightly – going to hear about the need for a government for London and the pressing requirement for politicians to look beyond their car windows into the city itself.

These lectures are certainly about one of the most important subjects of our time. As Sir Richard's platitudes unwind, we will be forced to realise that the problems of the cities of the world are much too important to be left to architects.

MEDIA FUTURES

Dealing from an armchair

Apricot is preparing an online service for private investors, writes Alan Cane

Apricot Computers, once the leading UK-owned manufacturer of high performance personal computers, is diversifying into online information – business data which can be transmitted over the telephone network to multimedia computers in the office or home. Its first product, a financial package for private investors, is expected this autumn.

The international online market is worth about \$11.3bn (£7.2bn) a year and is chiefly served by companies such as Reuters, Compuserve and America On-Line. A steady if unexciting market in the past, it has been rejuvenated by the advent of the information superhighway – promising new and more attractive services – and by the entry of companies such as Microsoft, the world's largest software house.

Apricot does not intend to tackle the giants of the business head on. Owned by Mitsubishi Electric of Japan since 1990, its move has been prompted by the economics of the PC business. Only companies with substantial economies of scale can hope to be profitable in what is essentially a commodity market.

Apricot has worldwide revenues of about £115m and produces about 100,000 workstations and servers (powerful networked computers) a year, of which about 30 per cent by value are exported to Japan.

Yet it is only just breaking even. It is committed to hardware manufacture, but for the past 18 months has been searching for new business areas in which it can make best use of its skills and experience.

It is already a master at developing and manufacturing personal computers. It is Mitsubishi Electric's worldwide design and manufacturing centre for desktop computers and servers, and also has experience of financial services.

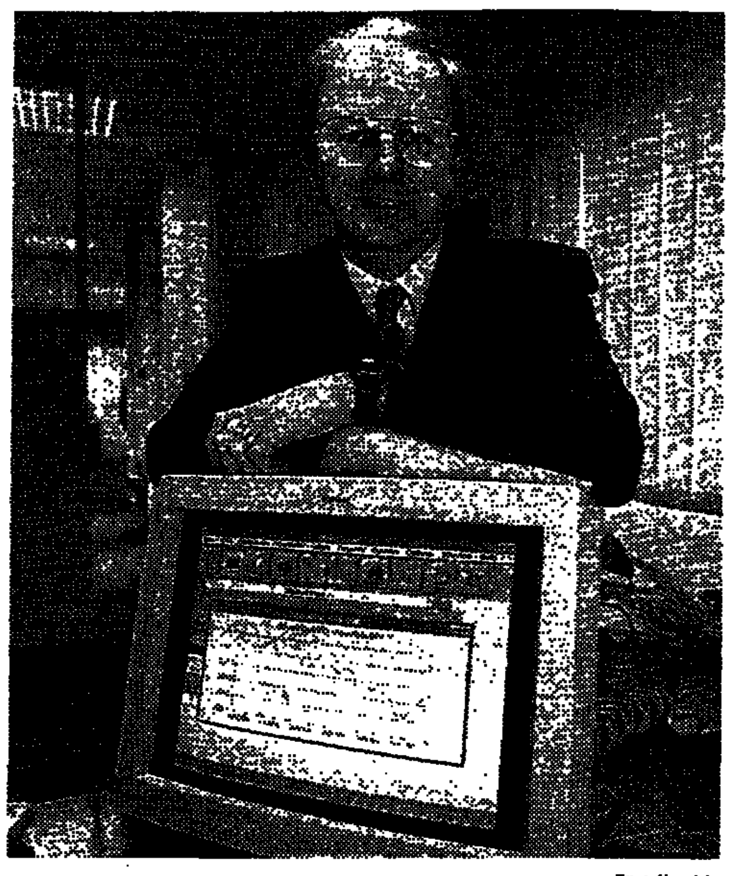
Before its sale to Mitsubishi, Apricot was part of a broadly based group which has now become ACT, the UK's largest financial services software house. Late last year, Apricot established an information services division, appointing as director Peter O'Connell, previously with ACT Financial Systems.

According to Peter Horne, group managing director: "The division's remit is very diverse, covering a wide variety of innovative tools for the home, business and education. It is also working closely with our parent company which has put in place a similar initiative."

Apricot set out to answer the question haunting every company with an interest in multimedia and the information superhighway: what kind of information can be supplied for which customers will be prepared to pay a fair price?

It ruled out video-on-demand, the subject of most multimedia trials. Horne did not believe that videos, which can be obtained easily from corner shops, represent quality content. He knew, however, that there was a ready market for financial information in the City of London, and reasoned that private investors would pay for home computer based software to manage their portfolios, coupled with online information to support investment decisions.

He says: "We have advanced plans to produce the UK's first online home share dealing service, a project we call Infotrade. We believe that this will be the first service of its kind to integrate electronic online share trading and home banking and provide a real-time stream of pertinent financial information directly into the hands of private investors, levelling the playing field with the City dealer for the first time."



Trevor Humphries

Peter Horne: 'Levelling the playing field with the City dealer'

There are about 10m private investors in Britain, of whom about 1.6m actively trade stocks. Horne envisages three levels of service: software alone; software plus a modem to connect the customer's PC to the network; or a complete package of software, modem and fully featured multimedia PC.

What will it cost? The complete package will retail for about £1,300. In addition there will be a monthly service fee of £9.99 and line charges. The Infotrade software on its own will sell for less than £100.

In the past, private investors have been able to subscribe to cut-down versions of financial information services. But for his subscription fee, Horne is proposing to supply portfolio management, share prices and company information, home banking and an electronic system for the buying and selling of shares.

Clearly, Apricot cannot do all this itself, so it is forging links with publishers, sectoral specialists, network providers and communications channels. The information systems division will investigate other industry sectors in the future.

Focusing on financial services software does not guarantee easy profits, as ACT can demonstrate. Its UK operations will make a loss this year, although the group will be profitable. But Apricot at least seems to have found a serviceable vehicle to push on to the information superhighway.

Hold the front screen

Victoria Griffith looks at the packaging of electronic news

A newspaper's front page possesses a powerful ability to establish the importance of daily events. When President Richard Nixon resigned, most papers in the US thought the story so important that nothing else made the front page.

The electronic world, however, has yet to come to grips with the concept of a front page. Cyber readers are supposed to tailor news to their own needs, creating a "Daily Me", as the practice is called in the trade. They request stories in specific categories – sport, maybe, or the O.J. Simpson trial.

If something important happens, the headlines don't scream across the computer screen, but are buried in a long list of articles that readers can access.

Many in the electronic publications industry believe this has to change. "It's impossible for people to anticipate every issue that may be interesting or useful to them," says Donald Brazeal, editor of the Washington Post's electronic arm, Digital Ink, which is trying to develop a more newspaper-like front page.

A few months ago, for instance, authorities in the American capital issued a warning not to drink Washington's tap water. "We couldn't take a chance on people selecting 'water safety' topics or city news," says Brazeal. "We had to get that story right up front."

Since electronic publications usually offer far more information than is available in a daily newspaper, many editors think prioritisation of articles is even more important.

"Part of an editor's role is to select information," says Katherine King, editor of Ingenius, Reuters' daily newspaper for schools. "People want some decision-making done for them."

In the early days of online services, journalists were considered an endangered species. "People thought that if readers could directly access Congressional reports and dispatches from Bosnia, they wouldn't need editors," says Richard Duncan, executive editor of Time. "That didn't happen because folks don't want to wade through pages of information to get to the heart of the matter."

But electronic publications can't be too traditional, either. "Online users want more freedom to select information than they get in a newspaper," says Nicole Chong, general manager of At Times, the New York Times' online service. "You have to strike a balance between guiding the reader through and giving them leeway to go off on their own."

Fishwrap, the Massachusetts Institute of Technology's electronic paper, is so serious about maximising reader participation that it lets its users determine the importance of each article. A Fishwrap article debuts in the middle of a list of pieces. The more readers the article gets, the further up the priority list it moves. If the piece attracts little interest, it moves to the bottom of the pack – and eventually off the screen.

The front page of a steam age newspaper does more than rank articles, though. It also presents a brand-name image to the world: masthead, images, and an overall "look". Because of this, many editors want to gussy up their electronic front pages to place a unique stamp on their products.

A few cyber publications have done well at this. The "home page" of BusinessWeek online offers strong cover images and an idea of what readers will find inside. Reuters' Ingenius has a spinning globe, voices and photographs.

Both products, however, take a long time to download: six hours in the case of Ingenius. "You can design the most beautiful screen in the world, but if the user throws up his hands in disgust while waiting to download, it's not much help," said Duncan of Time.

The problem is that most online readers are still using basic technology without the modem speeds necessary to download anything elaborate. Even a simple photograph can pose a problem.

"The technology right now is limiting us," says Joseph Dionne, chairman of McGraw-Hill, which owns BusinessWeek.

One danger in placing too little importance on the front page may be devalued advertising. "If you don't have a front page – or pages, because it's not necessarily just one page – you don't have a mass audience," says Michael Rogers, managing editor of Newsweek InterActive. "And that means you can't charge as much for advertising."

While electronic publications seek to explore the possibilities of the new medium, online editors say they must also pay attention to what has worked in publishing in the past.

"We don't want to mimic what people find on the news-stands, but traditions may be there for a reason," says Owen Youngman, features editor of the Chicago Tribune Online. "The front page is one thing we'll all be looking at carefully over the next few years."

Love at first byte

You have searched the racks of flowery and bawdy Valentine cards in vain. Or perhaps you have no sweetheart to send one to? For the romantically challenged this Valentine's Day, the solution may be just a few keystrokes away down the information superhighway.

The lovelorn are welcome in cyberspace. Their needs are well catered for in "chat rooms" for all age groups and inclinations.

Over the past few weeks, new services – including anonymous electronic mail Valentine messages, the sounds of kisses and express delivery of flowers and chocolates – have also sprung up on the Internet.

However, it is in the virtual singles bars where Net surfers meet under the cloak of online pseudonyms that romance blossoms.

Some might think these keyboard tappers would be happier if they joined the real world: people with real names and faces. Yet there are stories of online romance to melt the hardest heart.

For Debra Littlejohn (MsSgt), a Dallas police sergeant, and Thomas Shinder (ThomaswS), an Arkansas physician, it was love at first byte. She recounts: "I stumbled into America Online (AOL) by accident and somehow, somewhere deep in the heart of thirtysomething, met up with the man I had been dreaming of for most of my life.

"Without this forum – this place that exists somewhere between fantasy and reality – we would never have come together." The two were married in December and invited those who had followed their story in the AOL "romance connection" to attend an online ceremony a few days later.

Happy endings are the exception, however, in computer net relationships. "There are as many jerks online as anywhere else," Debra warns. She acknowledges that she had Thomas checked out on police databases and confirmed that he was, in fact, a doctor before she agreed to meet him.

Americans hold a clear advantage in the online romance stakes. Almost 70 per cent of the computers linked to the Internet are in the US, with about half in California.

For online chat rooms, subscribe to America Online. Internet forums are reached via "Usenet" and include alt.romance and alt.angst.

Try the Virtual Meet Market on the World Wide Web, *(http://www.wwa.com:1111/)* or Citiscape's list of UK lonely hearts *(http://www.gold.net/lovelink/)*.

The over-40s set may want to send a beatlegram, featuring the fab four *(http://bazaar.com/beatles)*. And to order flowers, try the FTD service *(http://www.novator.com/FTD-Catalog/)*.

In the electronic fantasy world you can be whoever you would like to be: male, female; single, married; young, old. But the disparity between the sexes in cyberspace can be a drawback, depending on your point of view. In the Virtual Meet Market, for example, men seeking women outnumber the opposite by 10 to one. Gay listings represent about 25 per cent of the total.

A *New Yorker* magazine cartoonist said it best, with his sketch of a pooch seated at a personal computer: "On the Internet, they don't know you're a dog."

Louise Kehoe

PEOPLE

Koor's Mr Turnaround builds bridges in the Middle East

Benny Gaon, saviour of Israel's largest conglomerate, tells **Julian Ozanne** how business has a responsibility to help cement his country's fragile peace

There is hardly a desktop in the Tel Aviv headquarters of Koor Industries which does not have a series of plastic plaques commemorating new share issues or sculptures of white doves symbolising Middle East peace.

The plaques and the doves sum up the corporate philosophy of Benny Gaon, 60, chief executive of Koor Industries, Israel's largest and most profitable industrial group, which last year had an estimated turnover of $2.5bn.

The man known as "Mr Turnaround" in Israel for his remarkable resuscitation of Koor has developed a fervent belief in raising money on the market as an alternative to the banks which almost liquidated Koor in 1988. At the same time, Gaon has become prominent in Israel's business community for seeing the Middle East peace process as a source of future corporate growth.

More than anything, Benny Gaon reflects Israel's sometimes painful transition from a socialist economy, where welfare of workers took precedence over profits, to a free market economy. "The Israeli economy has been forced to go through tremendous cultural change in the past half decade," he said in his office overlooking the Mediterranean. "We have learnt there is an end to free meals; we have been forced to live on our own resources."

Benny Gaon: 'It is time to think and act globally.'

Koor Industries is active in construction, chemicals, processed foods, steel, telecommunications, consumer goods, tourism, electronics, finance, recycling and international trade, and accounts for about 8 per cent of Israel's industrial output and 8 per cent of national exports.

When Gaon took over Koor in 1988, the company, owned by Israel's labour federation, was nursing heavy losses, debt of $1.3bn and a workforce of 31,000. It was also facing a liquidation suit.

For two years Gaon fought lawyers, bankers and his own workers to implement a turnaround plan that included a debt-equity swap, debt restructuring, closure of Koor's loss-making subsidiaries and massive lay-offs.

The blackest days for Gaon, whose upbringing had imbued him with Israel's socialist philosophy, came when workers pelted him on factory floors with barrages of tomatoes and burning tyres. But by 1991, Koor had been trimmed from 130 to 30 companies with 16,000 employees and was showing a net after-tax profit of $89m. Results for the first nine months of last year showed a net profit of $97m on sales of $2.2bn. Koor's exports for the nine-month period were $684m, up 20.4 per cent.

Gaon says the key to the turnaround at Koor was basic management principles and its ability to raise money on the stock market when the banks were knocking at the door for liquidation. He believes the development of Israel's capital markets has been critical to the country's transition from socialism.

"What helped us and helped the country was the discovery by the business community of the potential of the capital market to be a source of growth and a way of reducing reliance on bank finance," he says.

With the turnaround behind him, Benny Gaon believes that Koor is now able to do the things it wants to do: expand and enter new areas. Two goals are driving him. He wants to transform Koor into Israel's first multinational company and to capitalise on the business potential of peace in the Middle East.

Gaon has formed international partnerships with several foreign companies, including Toshiba, Alcatel, Attwoods, Siemens, General Dynamics and CPC, and has expanded Koor's network of trading offices abroad. Last month Northern Telecom of Canada took an option to buy 20 per cent of Telrad, Koor's telecommunications equipment manufacturing subsidiary, for $45m.

"In the past we thought global but acted locally," says Gaon. "Now it is time to think and act globally and see ourselves as part of the global business world. We must join up with the big names with large R&D programmes."

The second part of Gaon's globalisation strategy is to negotiate the sale of the 20.4 per cent of Koor still owned by Israel's labour federation to a US company. Negotiations with Shamrock Investments are reported to be advanced. Koor would be the first Israeli multinational company to have its shares traded in the US, says Gaon, and would pioneer the idea of a US company using Israel as a strategic base for the Middle East.

While others are sceptical, Gaon is optimistic about the peace process. A large part of Koor's $700m diversification programme is pegged to the promise of a new Middle East, and Koor has become the most aggressive Israeli company looking for business opportunities in the Arab world.

It has recently invested heavily in tourism. It plans to own and operate 2,000 hotel rooms by the end of this year. It has also bought a 13 per cent stake in Arkia Airlines, Israel's largest domestic airline; a 50 per cent share in the local Eurodollar car rental company; and hopes to bid later this year (as part of a consortium) for 51 per cent of El Al, Israel's state-owned national airline.

Koor Peace Enterprises has set up a $100m company with Arab and European partners to invest in Palestinian territories and a $60m company in Tunisia to invest in regional infrastructure projects.

Gaon believes that a fifth of Koor's future growth will come from peace dividends. He mentions tourism, agrochemicals, agro-industry, software and multimedia education; but he says the dividends of peace will be won only by those Israeli companies that take calculated risks and do not insist on playing a leading role in every new venture.

"We are going to have a market of 300m consumers, and a new era and new attitudes of business over ideology, and if I have a choice to invest in eastern Europe or the Middle East I will invest in the Middle East.

"It is the responsibility of the Israeli business community to assist political leaders by cementing peace on the solid ground of business. But we must not push too hard. Our attitude is not to exchange military colonialism with economic colonialism. We must be sensitive and build real credibility between two business parties which have a common interest and start on an equal basis and do things that are good for both sides."

Gaon dismisses widespread speculation that the government may appoint him to replace the current finance minister. He wants to stay at Koor, he says. He can think of no bigger challenge.

NAMES IN THE NEWS

Hongkong Bank puts the China back in Shanghai

The days when the key outposts of the Hongkong and Shanghai Banking Corporation were run by Scottish clearing bankers is just about over. Nowhere is this more true than in Shanghai where Eddie Wang, 45, is poised to become the first Chinese-born chief executive of the group's Chinese business.

Wang is very different from Thomas Sutherland, an entrepreneurial Scot who was the Hong Kong superintendent of P & O. Sutherland, who went on to be P & O's chairman, persuaded local businessmen to back his dream of founding an institution based in Hong Kong and Shanghai which would be operated on sound "Scottish banking principles".

That was 130 years ago, and, although HSBC Holdings, Hongkong Bank's parent, still has a Scot as chairman, it is no longer the only quality required to make headway in the group's upper reaches.

Wang, who has a degree in business administration from The Chinese University in Hong Kong, joined Hongkong Bank in 1973 and, after 14 years in the colony, was sent to Canada. Last August he was appointed deputy chief executive, China, and he replaces Anthony Russell, 53, as chief executive in Shanghai a month and a half from now.

For years, Shanghai was considered the most important and prestigious of the bank's outposts and Wang's bid to raise its profile again will be helped by recent moves to make it easier for foreign banks to operate in China. There are plans to allow branch banking in Beijing, and Shanghai is pushing to allow foreign banks to begin conducting renminbi transactions on an experimental basis this year.

Hongkong Bank, which currently has five branches and four representative offices in China, is keen to be the first to open a Beijing branch and expand into the fast-growing coastal cities and the interior. However, one of Wang's first challenges will be to win back Hongkong Bank's former 300,000 sq ft headquarters on the Shanghai waterfront, known as the Bund, which has housed the Shanghai Municipal since 1949. After that he can concentrate on the serious business of helping Shanghai overtake Hong Kong as the region's premier financial centre.

Continental chief bows out

Michel Fribourg, the 81-year-old patriarch of Continental Grain Company, has turned over his last executive post, that of chairman of the executive committee, to Donald Staheli, currently the company's chairman, writes Laurie Morse. Fribourg, as Continental's chairman emeritus, continues as a director and majority shareholder.

He has run Continental since 1944, after his family fled Paris for New York during the second world war. Continental Grain does not publicise its operating results, but is believed to have annual revenues of more than $13bn (£8.3bn) from trading and processing agricultural products worldwide. Started by Fribourg's family in Arlon, Belgium, in 1813, Continental cultivates a secrecy common among the handful of closely-held companies that dominate the world grain trade. It rivals Minneapolis-based Cargill, considered to be the world's largest commodity merchandiser.

Fribourg has been gradually handing over management responsibilities to Staheli, a Utah-born grain merchandiser who is Continental's non-family chief executive. However, Staheli, 63, is widely viewed as an interim manager who will be succeeded by one of Fribourg's sons.

Staheli was named Continental Grain's chief executive officer in 1988 and succeeded Fribourg as chairman in June last year. He has actively diversified Continental's operations, particularly in meat and poultry processing, and has opened markets in China.

In line for management succession is Fribourg's oldest son Paul, 40, who has worked in Continental's operations in Europe and who now serves as Continental's president, based in New York.

Fribourg has another son, Charles, who is the company's general manager in Latin America.

Nemoto tipped for Nikkeiren

Jiro Nemoto, president of Nippon Yusen, Japan's largest shipping company, is tipped to become the new chairman of the Nikkeiren, the Japan Federation of Employers' Associations, writes Michiyo Nakamoto.

Nemoto, who is currently vice-chairman of the Nikkeiren, is a graduate of Tokyo University's law department and has been with Nippon Yusen since 1952. He served in the company's London branch before becoming a representative director in 1984.

The current chairman of the Nikkeiren, Takeshi Nagano, has been an outspoken advocate of the need for change in Japan's employment contract. He will be a hard act to follow.

Nagano, whose two-year stint as chairman from 1989 coincided with the burst of Japan's asset bubble and its plunge into recession, has preached long and hard for a fundamental review of practices, such as life-time employment and the annual wage hike.

For example, Nagano publicly supported a decision by Japan Air Lines to hire stewardesses on a part-time contract, a move which was attacked by the Japanese transport minister as detrimental to the tradition of life-time employment and social stability.

More recently, Nagano has opposed the Japanese practice of a spring wage hike, which has led to expectations that wages will go up every year.

Nemoto's experience in the shipping industry, where the high cost of hiring Japanese sailors and the need to restructure have been persistent issues, could serve him well in his new job. High labour costs in Japan and the strength of the yen are two of the biggest challenges for Japanese employers.

هكذا من الاصل

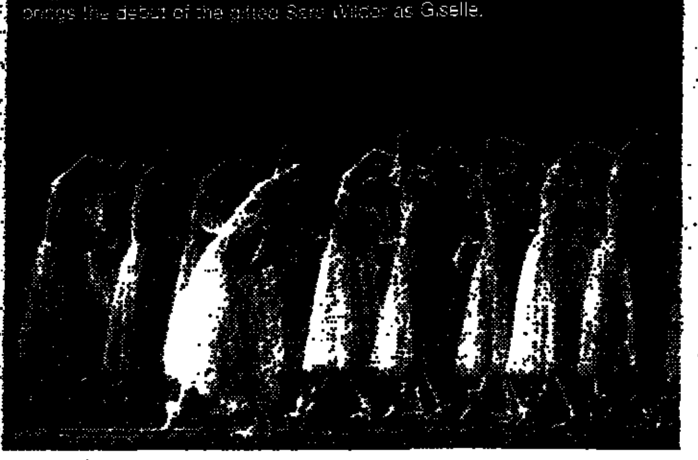
ARTS

OPENINGS

AMSTERDAM
The Rijksmuseum has an extensive collection of Japanese woodcuts, some of which were loaned to Japanese museums last year. Starting on Saturday, a selection of the best 19th century prints can be seen in Amsterdam. They are distinguished by their delicate style, perfect technique and remarkable use of colour. Known as Ukiyo-e, or pictures of the floating world, they reflect various aspects of Japanese society.

DRESDEN
Tonight and tomorrow, the people of Dresden mark the 50th anniversary of the destruction of their city by allied bombers. The themes of this year's commemorative events are resurrection and reconciliation. At the Semper Opera House, Bernard Haitink conducts the Dresden Staatskapelle and Chorus in Mahler's Second Symphony. At the Kulturpalast, Yehudi Menuhin conducts the English Symphony Orchestra and Dresden Philharmonic Choir in Mozart's Requiem.

COVENT GARDEN, LONDON
At the Royal Opera House, Covent Garden, "Giselle" is in the Royal Ballet repertory. Irek Mukhamedov returns to the role of Albrecht - in which he is magnificent - tomorrow and Saturday evening. The Saturday matinee brings the debut of the gifted Sarah Wildor as Giselle.



ROME
Dr Jonathan Miller's handsome Armani-dressed, buoyant and engaging production of "Cosi Fan Tutte" moves from Covent Garden to Rome Opera on Saturday to delight the Italians: same conductor (Evelino Pido) but a new cast.

VIENNA
The first major Viennese retrospective of the founder of art brut, Dubuffet, opens at the KunstHaus on Thursday. The 140 works on loan from the Fondation Jean Dubuffet in Paris include paintings, sculptures and collages dating from 1919 until his death in 1985.

BONN
The Kunst-und Ausstellungshalle continues its series of The Great Collections with 100 exhibits from the Museo Archeologico Nazionale in Naples, one of the great treasure-houses of Greco-Roman art. There will be examples of work from the Farnese collection of classical art, archaeological findings from Pompeii and a selection from the museum's vast stock of statues, frescoes and ceramics. The show opens on Friday and runs till June.

GREENWICH, LONDON
Juliet Stevenson returns to the stage tonight in the "Duchess of Malfi" in a new production at the Greenwich Theatre. Simon Russell Beale (an admired Richard III and Ariel with the RSC) plays her violent twin brother Ferdinand. Philip Franks (seen recently on TV as Tom Pinch in "Martin Chuzzlewit") directs.

Oscar's importance

Martin Hoyle reassesses Wilde as the Establishment finally endorses him

In time for this week's centenary of *The Importance of Being Earnest*, Oscar Wilde will officially take his place among his peers in Westminster Abbey tomorrow. A new stained-glass window in Poet's Corner will be unveiled to honour the poet, playwright and author who in June 1895 was sentenced to two years hard labour for the offence of sodomy. Tomorrow's final memorial in the heart of the British Establishment suggests a paradox rich in irony that Wilde himself would have relished.

Like Farquhar, Sheridan and Shaw, those other great figures of the English theatre, Wilde was Irish. However socially acceptable the wealthy Anglo-Irish ascendancy may have been, this lent a certain detachment to Wilde's observation of British society. The conscious or unconscious outsider has been invaluable throughout history as a commentator, whether set apart by race, religion or social status from the society he reflects. Wilde was aware of the tensions between his background – his mother was an Irish nationalist – and the London society that came to idolise him.

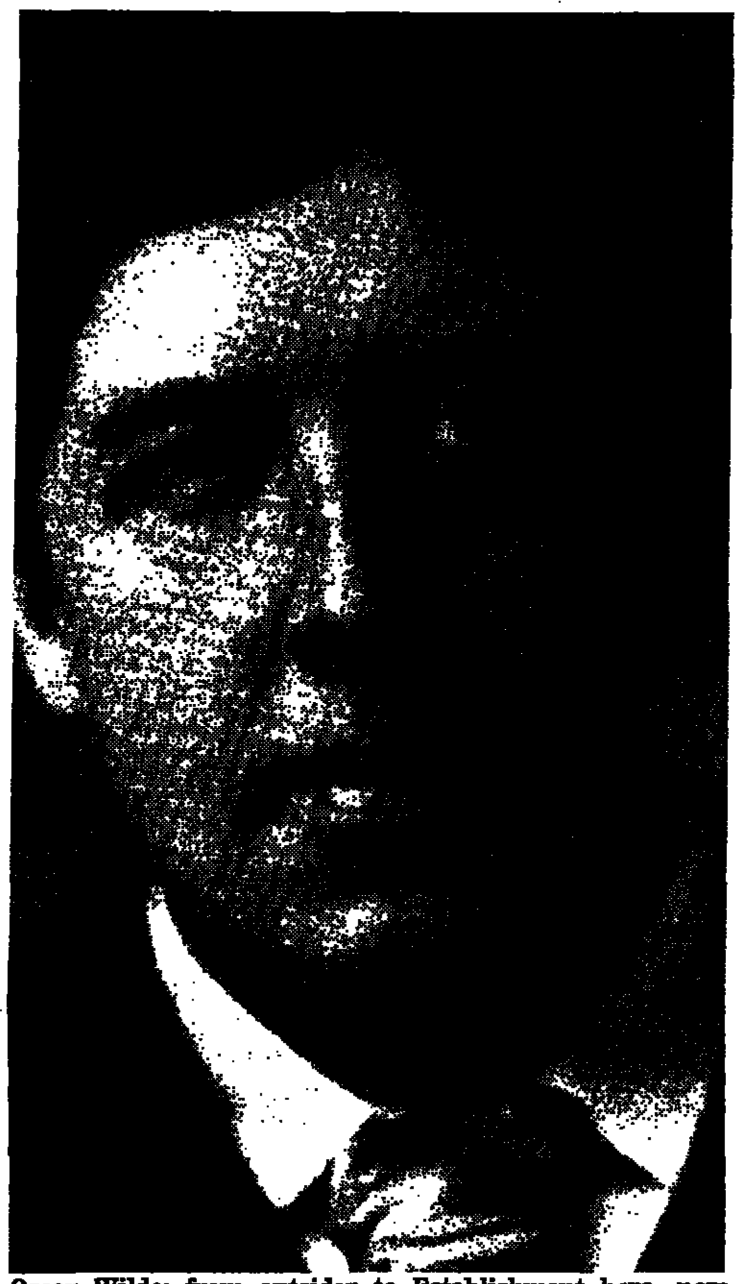
When he puts the dazzling little figures that peopled his plays under a critical microscope, he strikes a chord in the sceptical last years of the 20th century, an era in tune with his irony, the fastidious distancing effect of a talent tolerated but never entirely welcomed as an insider. Suspicious of closed, privileged groups, we enjoy his dissection of these enamelled creatures, brilliant insects, beautiful but already on the way to extinction.

If Wilde had been simply a social critic he would survive merely as another Brecht – a writer just as starkly stylised, in his very different way – respected but, following a mid-century canonisation, relapsing into text book status. Part of Wilde's continuing popularity lies in his enjoyment of the world he satirises.

Indeed, at times his patent affection for these fickle beings betrays the outsider's longing to be in. Of course he revelled in the social success his writing brought him, much as he revelled in the good things of life. Our own age, wary of unyielding dogma and suspicious of catch-all Isms, sits back with a sigh of relief.

It may not be true that each man kills the things he loves; but Wilde showed it was possible to like the thing he mocked. He might have been disconcerted to reflect how close he came to the basic, and best tenet of Christianity: to hate the sin but love the sinner.

For like all truly great satirists, Wilde actually liked the human race. He is angry when it fails to come up to scratch, when it is wasteful, shallow or unkind; when it does not measure up to its own potential. This is shown in a gentler vein by his fairy stories, no less than by countless examples of his personal kindness.



Oscar Wilde: from outsider to Establishment hero, now commemorated in Westminster Abbey

This basic humanity permeates even what now strikes us as the greatest affectation. That Wilde was lampooned as the poet Bunthorne in Gilbert and Sullivan's *Patience*, reflects only the self-mockery of the jester who has to go to extremes to express what is important to him. His endorsement of the more excessive posturings of the Aesthetic Movement, his lectures on art to American gold-miners, the velvet breeches, the customs hall declaration of "nothing but my genius" could be seen in modern terms to be self-marketing ploys.

Wilde was no less serious than Shaw or William Morris in his devotion to culture and the liberating effect of the arts. Unlike Shaw, whose wit is comparatively verbose, whose obiter dicta reek of self-important punditry, Wilde knew the importance of when not to be earnest.

Wilde's work occasionally falls victim to such inescapable mannerisms of his time as melodrama; even the comedies (*Lady Windermere's Fan* and *A Woman of No Importance*) are not immune. But it is interesting to note that *A Florentine Tragedy* was set by Zemlinsky as an opera, as was a short story *The Birthday of the Infanta*; and Strauss' *Salome* is the setting of a more or less faithful German version of Wilde's French play. The heightened artifice and intensified emotion of music are best suited to bring out the lushness of this apparent Wildean decadence – a decadence that paradoxically found counterparts in such forward-looking movements as Art Nouveau and the Second Viennese School.

It is notable too that continental Europe has always regarded Wilde as one of the greatest writers in English, both for his very un-British dedication to art and his personal life. In fairness to Britain, his professional rehabilitation began very quickly. *The Importance of Being Earnest* has long been considered one of the greatest comedies in English. But while Europe accepted – and perhaps inflated – Wilde the artist, the English opted for Wilde the wit.

Listening to the BBC's centenary production of *The Importance of Being Earnest* (to be broadcast tonight, Radio 4) I was struck with another voice coming through, crisp, concise, elliptical: there is a clear line of descent from Wilde to Noel Coward. Without Wilde, Coward could not have existed.

Wilde has sometimes suffered from the confusion of artificiality and high style. He is not, heaven forfend, a naturalistic writer. In the great tradition of English theatre he is, in more than one sense, the joker in the pack. Shakespeare can combine the highly wrought artifice of verse drama with the creation of human beings. Sheridan's middle-class comedies go for immediately recognisable characters. Shaw clothes his socio-politically preaching symbols with whimsy.

Only Wilde's landscape, at first glance, seems the flattest, a two-dimensional world of strutting elegance and parroting wit. But if his dramatis personae seem beautiful puppets, today we detect that the humanity lies in their puppeteer. If Wilde had been a mere satirist, would his characters still have held the stage? A most unlikely parallel suggests itself with another creator of genteel society absorbed in the gossamer niceties of modes, manners and morals, while apparently oblivious of world shaking events of the time. Improbable though it seems, Mr Wilde and Miss Austen would have got on rather well together. Both knew the value of the mask of propriety, of the style that codifies human behaviour without trivialising it.

Today we add our own distance to Wilde's detachment and the microscope gains extra strength, the better to appreciate craftsmanship as intricate as that of Fabergé. Above all, Oscar Wilde is still very, very, funny. His sense of joy in the unexpected reversal of accepted values, the inverted cliché, reaches out to an epoch that gratefully recognises his vision of the ridiculous frailty of humanity – and, beneath it all, its redeeming humour.

Alastair Muir

Angela Gheorghiu as Mimì and Johan Botha in Covent Garden's La Bohème

Opera/**Richard Fairman**

Bohème à la baton

From the sight-lines in the stalls the audience may not have been aware that there was a woman in the pit, but they certainly will have known a conductor was at work. As the lights went down, a baton was lifted high in the air and proceeded to beat time like a star in its own right, dancing over the heads in the front rows.

No other conductor that I recall at Covent Garden has held the baton up as high as Simone Young. The Australian conductor made her debut here in *Rigoletto* last season and this revival of *La Bohème* confirms her flair. The performance set off at a rocketing pace with the baton cracking like a whip at the singers' heels; when the slower music came later, the pulse relaxed generously. We have had other exaggerated performances of Puccini at the Royal Opera House recently, but Simone Young's is both the most extreme and the most communicative. However violently pulled around, each phrase exudes spontaneous feeling. The problem is that she has so many ideas and wants to express them all at once.

Nobody else could allow their concentration to nod off for a moment. Apart from a few passages where it was scrambling to catch up, the orchestra played well for her, given that this was anything but a standard *La Bohème*. The singers hardly dared avert their eyes from her beat, but it must be uplifting to be swept along by such a pulsating Puccini orchestra.

Angela Gheorghiu, who scored such a success in *La traviata* before Christmas, is again Mimì, as she was a couple of years ago. Her singing is beautifully crafted, though wanting in Puccinian softness and warmth; one's heart does not quite go out to her, despite the personal touches she brings to the character.

On each occasion the Royal Opera has partnered her with a promising tenor making his debut. This time it is the South African Johan Botha – not a matinee idol like his predecessor, Roberto Alagna, but a voice with a future, a sizeable lyric tenor, unforced, long-breathed and sweet, marvellously free on the top notes. The verismo habit of filling the music with passion till it is fit to burst is alien to him; he prefers to sing within his means, holding plenty in reserve all along.

Marie McLaughlin's glamorous, heartfelt Musetta and Anthony Michaels-Moore's warmly-sung Marcello are their match as the second couple. Roderick Earle is the businesslike Schaunard and Alastair Miles a Colline who has to wrestle with a tempo that almost stops dead in his aria.

The 1974 production still looks good. Overall, this is a revival with some flair all round.

Performances end March 6 (with some changes of cast)

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERTS
Het Concertgebouw Tel: (020) 671 8345
● Royal Concertgebouw Orchestra: with soprano Barbara Hendricks. Andre Previn conducts Harbison, Previn, Barber and Copland; 8.15 pm; Feb 18, 19 (2.15 pm)
GALLERIES
Stedelijk Tel: (020) 5732 911
● Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo automobiles; to Apr 2
OPERA/BALLET
Het Muziektheater Tel: (020) 551 8922
● Mazeppa: by Tchaikovsky. A Netherlands Opera production conducted by Harmut Haenchen and directed by Richard Jones; 7.30 pm; Feb 14

■ BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 341 9249
● Das Rheingold: by Wagner. Conductor Horst Stein, production by Götz Friedrich; 7.30 pm; Feb 16, 19
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Rafael Frühbeck de Burgos, production by Götz Friedrich; 5 pm; Feb 19
● Ein Maskenball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30 pm; Feb 16

■ FRANKFURT

CONCERTS
Alte Oper Tel: (069) 1340 400
● Evening of Songs: soprano Dawn Upshaw and pianist Charles Spencer plays Debussy, Copland, Seeger and Berg; 8 pm; Feb 13
● Frankfurt Opera House and Museum Orchestra: with pianist Elisabeth Leonskaja and conductor Wladimir Fedossejew plays Dvořák, Britten and Tchaikovsky; 8 pm; Feb 13
OPERA/BALLET
Oper Frankfurt Tel: (069) 23 60 61
● Oberon: by Weber. First showing at this venue with conductor Hans Zender and lead role played by Hubert Delamboye; 7.30 pm; Feb 15

■ LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonietta with pianist Stephen Kovacevich and soprano Faye Robinson to play Beethoven and Tippett's, 'Symphony No 3'; 7.30 pm; Feb 17
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra in a programme that includes a world premiere of Tippett's, 'The Rose Lake'; 7.30 pm; Feb 19
GALLERIES
Hayward Tel: (0171) 261 0127
● Yves Klein: over 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23
Victoria and Albert Tel: (0171) 938 8500
● Streetstyle: tribal dress codes from Harlem in the 40's to new age travellers in the 90's; to Feb 19
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● King Priam: a new production of Tippett's opera opens the London festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday; 7.30 pm; Feb 17
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 16
● Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss; 7.30 pm; Feb 13, 15, 18
Royal Opera House Tel: (0171) 340 4000
● Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werdenberg; 6.30 pm; Feb 15
● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30 pm; Feb 14
● La Bohéme: by Puccini. Conducted by Simone Young/ Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/ Amanda Thane as Mimi and Maria McLaughlin/ Judith Howarth as Musetta; 7.30 pm; Feb 16
● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten 'mini festival' at the Royal Opera; 7.30 pm; Feb 17
THEATRE
National, Olivier Tel: (0171) 928 2252
● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford; 7.15 pm; Feb 16, 17, 18 (2 pm)
Royal Court Tel: (0171) 730 1745/ 2554
● The Libertine: by Stephen Jeffreys, directed by Max Stafford-Clark. Comedy based on the works of the 2nd Earl of Rochester; 7.30 pm; to Feb 18

■ NEW YORK

OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Cavalleria Rusticana / Pagliacci: by Mascagni/Leoncavallo. Production by Franco Zeffirelli, conductor Christian Badea; 8 pm; Feb 16
● Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton; 8 pm; Feb 14, 18 (1.30 pm)
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8 pm; Feb 13, 17
● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi; 8 pm; Feb 15, 18

■ PARIS

CONCERTS
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24
● Alban Berg Quartet: plays Haydn, Webern and Beethoven; 8.30 pm; Feb 14
● Orchestra of the Champs Elysées: with soprano Soile Isokoski, alto Birgit Remmert and tenor James Taylor plays Beethoven under the direction of Phillipe Herreweghe; 8.30 pm; Feb 15
GALLERIES
Galerie Schmit Tel: (1) 42 60 36 36
● From Delacroix to Matisse: exhibition including the works of Delacroix, Matisse, Picasso and Degas; from Feb 14 to Apr 13
Musée Cernuschi Tel: (1) 45 63 50 75
● Japan, Tastes and Tranquility: The Japanese Tea Ceremony: the historical and philosophical development of the Japanese ceremony; from Feb 14 to May 14 (Not Sun)
Musée d'Orsay Tel: (1) 45 49 11 11
● James McNeill Whistler: exhibition of works; to Apr 30
OPERA/BALLET
Châtelet Tel: (1) 40 28 28 40
● King Arthur: music by Purcell. A William Christie and Graham Vick production; to Feb 19
Opéra Comique Tel: (1) 42 96 12 20
● Lakmé: by Delibes. Conducted by Frédéric Chaslin and produced by Gilbert Blin; 7.30 pm; to Feb 18
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Béatrice Uria-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust; 7.30 pm; Feb 15, 18
● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the Orchestra and Chorus of the Paris National Opera; 7.30 pm; Feb 14, 17

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● Choral Arts Society of Washington: Norman Scribner conducts Menotti and Williams' 'Dona Nobis Pacem'; 8.30 pm; Feb 19
● Royal Philharmonic Orchestra: Conductor Yuri Temirkanov with pianist Eliso Virsaladze plays Britten, Prokofiev and Stravinsky; 3 pm; Feb 19
GALLERIES
Corcoran Tel: (202) 638 3211
● Family Lives: photographs by Tina Barney, Nic Nicosia and Catherine Wagner; to Feb 13
OPERA/BALLET
Washington Opera Tel: (202) 416 7800
● Semele: by Handel. Conductor Martin Pearlman. Roman Terleckyj directs a Zack Brown production; 8 pm; Feb 15
● Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene; 8 pm; Feb 13 (7 pm), 16, 19 (2 pm)

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Nonstop live coverage until 14.00 of European business and the financial markets

17.30
Financial Times Business Tonight

Midnight
Financial Times Business Tonight

Samuel Brittan

Middle-class anxieties

A couple of years ago Kenneth Galbraith published a book entitled *The Culture of Contentment*. Yet the ink was hardly dry on his paper before it became clear that some at least of the so-called middle classes were very discontented indeed.

One of the best analyses I have seen of the new English middle-class discontent comes from Matthew Symonds, a former deputy editor of The Independent, in *The Culture of Anxiety**, published by the Social Market Foundation at the end of last year.

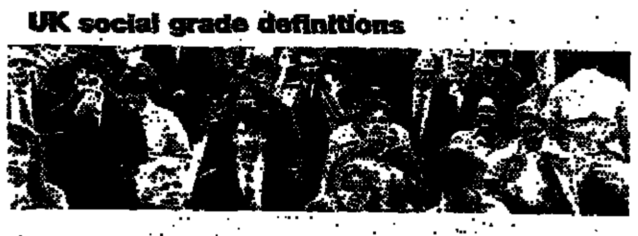
A good deal of the analysis would apply to the US and other western countries. But first we need to be clear which groups we are considering. The American middle class, by self-definition, now accounts for the majority of the US adult population. Symonds, in company with many other writers, identifies the English middle classes with the groups A, B and C1, as used by market researchers.

The three groups together account for nearly 45 per cent of the adult population – still short of the majority, but moving that way. The placing of the C1 group of clerical and junior managerial workers is crucial. For they represent 27 per cent of the total population. But as less than 10 per cent of households use fee-paying schools, the C1s can hardly be typical of the upper middle-class groups, with their worries about school fees, about which Symonds writes.

For these groups the world of lay-offs and redundancies was as emotionally distant in earlier recessions as the war in Bosnia. The last recession was different. Although the 1980-82 recession was deeper, advertising in the quality newspapers still rose by 2 per cent in real terms. In 1990-91, it fell by nearly 40 per cent. Even during the current recovery, many in the upper middle groups "feel flat" rather than "good", and have deserted the Conservatives in droves.

The immediate middle-class shock is that the world of ever-rising house prices, in which the Englishman's home became his bank rather than his castle, has vanished. Instead many newer purchasers owe more than their houses are worth – so-called negative equity. A further factor is that British business has discovered the culture of labour shedding for managers, as well as

UK social grade definitions



SOCIAL GRADE	% OF ADULT POP	SOCIAL STATUS	OCCUPATION
A	3.1	Upper middle class	Higher managerial, administrative or professional
B	17.7	Middle class	Intermediate managerial, administrative or professional
C1	27.0	Lower middle class	Supervisory or clerical, and junior managerial, administrative or professional
C2	23.5	Skilled working class	Skilled manual workers
D	16.2	Working class	Semi and unskilled manual workers
E	12.4	Those at lowest level of subsistence	State pensioners or widows (no other earner); casual or lowest-grade workers

Source: National Readership Survey

blue-collar workers.

The world of loose, shifting teams of knowledge workers might have been an exciting prospect when seen as an option in the early 1980s by computer literate younger managers and professionals. When forced on people who imagined they had a guaranteed career and salary progression, it has come as a hard shock.

There is a limit to the tears that should be shed. Working-class people – a clear majority until very recently – have always had to deal with the insecurities of lay-offs and casual work, and have been used to using the welfare state as a standby. But the As and Bs and even a few of the Cs, who have been encouraged to opt out of state medicine, state pension and state schools, now face a humiliating prospect of dependence on welfare services, and are very open to Labour pressure for spending more in this direction.

Are GNP figures now a more than usually inadequate guide to most people's welfare?

Symonds argues that they may have further shocks to face when they discover that the expensively administered personal pension schemes may not be able to pay the amounts that participants had hoped.

Another problem is that many of the remaining items in the privatisation agenda for which a strong economic case can still be made – such as selling off the Post Office and British Rail – stoke up fears that subsidised middle-class services will be phased out when reliance on them is growing. And the very necessary targeting of benefits causes further anxiety.

A further shock in the pipeline comes from measures to make the better-off elderly meet their own long-term nursing bills. "If you are anticipating inheriting a parent's home and see that as a means of paying off your own mortgage, think again," says Symonds. Neither further market radicalism nor consolidation is very appealing; Labour's attraction is mainly the negative one of a change of team.

The author is aware that the state "cannot take on the job of sustaining temporarily disrupted middle-class life styles". It is fully stretched providing the basic medical and educational services on which most people rely. And the twin addictions to inflation and rising house prices gave the middle classes a bloated sense of wealth, which has been pricked. Yet the alienation of the most innovative and forward-looking groups matters. Even worse is their retreat from individualism to siren calls of "community".

Symonds suggests full tax exemption of savings to encourage the middle classes to provide their own nest eggs. I hope he will be able to write the speeches of the first chancellor to face the conventionally calculated (if misleading) costs of so doing. Some of his other suggestions are for the business sector rather than government, eg the development of mortgages with more variable payment arrangements and the return of renting. He also favours top-up vouchers to finance health and education. This is an old proposal which the new pressures could bring back on the political agenda.

His most controversial suggestion is the rethinking of the benefits of a "super flexible labour market". One needs to take this slowly. When economists started to talk about high or rigid labour costs pricing people out of work, politicians and industrial statesmen quietly switched to the more emollient sounding word "flexibility" instead. Businessmen in their turn stood the concept on its head as an excuse, not for pricing people into work, but for slashing staff at the first sign of trouble. This cult of macho management still needs a probing study.

The Joseph Rowntree Foundation inquiry into income and wealth last week reminded us that the bottom 20 or 30 per cent of the population has benefited little from prosperity: Symonds reminds us of the woes of the top 20 to 50 per cent. Could all the benefits have then gone to the C2 skilled working class in between? Or are we going through a period when GNP figures are a more than usually inadequate guide to most people's welfare? Even if this is the case, it is likely that restrictive and inward-looking policies would fairly soon make people feel worse off still.

* *From 20 Queen Anne's Gate, London, SW1H 9AA*

Saviour of healthcare

MICHAEL PROWSE on AMERICA

The first half of the Clinton presidency was one of the most fertile periods for healthcare reform in recent US history. How can this be, you may ask, when Bill Clinton's reform plan went nowhere. How could anything have been achieved when Congress failed even to vote on his proposals?

The answer is that politicians are not the only players in US healthcare. While they bickered, negotiations between large employers, insurance companies and hospitals were transforming the private healthcare market. Under the old inflationary "fee for service" insurance system, doctors and hospitals essentially set their own pay, because they charged separately for each item of treatment provided; their use of resources was largely unsupervised. Such practices are rapidly becoming history. As the New York Times recently reported, nearly two-thirds of employees of large and medium-sized companies are now enrolled in some form of "managed care", against less than half in 1991.

Managed care is a blanket term covering a wide variety of schemes. Perhaps the best known is the Health Maintenance Organisation (HMO) pioneered in California. In return for a fixed annual fee, HMOs guarantee to meet the healthcare needs of members, provided they consult only its doctors. But there are looser forms of managed care that allow enrollees to choose from networks of doctors and hospitals under the close supervision of an insurer. The crucial point is that the organising agent can put pressure on healthcare providers to cut costs while meeting quality guidelines. The method increasingly favoured is to pay doctors and hospitals a fixed annual fee per patient, thus giving them a direct incentive to improve efficiency.

The concept of managed care is not new: HMOs have been around for decades. The big change is that it has become the preferred form of healthcare for large employers. Companies switched to managed care as part of a broader restructuring campaign in the early 1990s. For many, the only way to reduce labour costs – and hence survive tougher international competition – was to control healthcare costs. The obvious way to do this was to shift employees from the old, unrestricted "fee-for-service" schemes into managed care.

The main losers in this upheaval were American physicians. Once kingpins in the medical world, they are now increasingly either salaried employees of HMOs or contract workers for big healthcare groups such as Prudential, Aetna and US Healthcare. Like the rest of us, they are subject to market forces.

It is instructive to compare this market-driven process with the reforms that Clinton planned. There was a national outcry when he suggested that everybody be forced to buy insurance through quasi-public co-operatives. The point of the co-operatives was to control costs by nudging people into managed care schemes. While the politicians quarrelled, companies quietly went ahead and put employees into managed care anyway.

In similar vein, the medical profession objected to a proposed shift of resources to primary care doctors (equivalent to British GPs), traditionally the poor cousins of better paid and more numerous specialists. Yet because HMOs and other forms of managed care rely heavily on primary care "gate-keepers", the desired shift is happening anyway. In many regions the pay of specialists has plunged.

Employers' shift towards managed care appears to be easing inflation in private health markets – a problem that once looked intractable

This speaks volumes about the relative merits of markets and politicians as agents of reform. Ira Magaziner, Clinton's healthcare guru, assembled an army of 500 experts and wrote a 1,300-page blueprint for reform of one-seventh of the economy. Unwittingly he demonstrated once again the folly of central planning. Magaziner's academic army simply did not know enough about the real world of healthcare to devise a wholly new system. In any case it was presumptuous to imagine that doctors, insurance companies, employers or the public would take orders from a general staff in Washington. Organic market reform, involving the voluntary renegotiation of contracts between thousands of participants, brought about changes that were beyond the scope of any planner.

After the Clinton plan's humiliating demise, it seems safe to predict that there will not be a "grand reform" of the US healthcare system. The name of the game today is "incremental reform": the most that politicians can hope to do is nudge private markets in desired directions.

A pressing problem not addressed by market forces is the rising tide of uninsured Americans. The dilemma for policymakers is often misunderstood. The uninsured generally do get treated if they present themselves at the emergency rooms of public hospitals. Indeed, given the high vacancy rates in US hospitals, they probably often get treated faster than tax-paying Britons who languish on National Health Service waiting lists.

What policymakers confront is a severe "free rider" problem: as David Cutler, a former White House economist, put it in a recent paper: "The easiest way to purchase catastrophic insurance in the US is to be uninsured." A partial solution may lie in improving the terms on which low-income workers, the self-employed, and people with serious illnesses can purchase insurance, for example by setting up voluntary public-sector co-operatives for such groups.

Employers' rapid shift towards managed care appears, at last, to be easing inflation in private health markets – a problem that once looked intractable. Growth of private (but not public) spending on healthcare has dropped sharply since the late 1980s. One way to put further downward pressure on costs would be to phase out tax relief for corporate health schemes, a privilege that currently costs the US Treasury about $55bn a year. If this is politically unacceptable, relief could surely be restricted to efficient forms of care such as HMOs.

But the first priority for politicians should be to put their own house in order. State governments, admittedly, are making a serious stab at reforming Medicaid, the public programme for the poor. Nearly a quarter of beneficiaries are now enrolled in some form of managed care, against 14 per cent in 1993.

The striking anomaly is Medicare, the federal programme for the elderly. Spending per enrollee is growing much faster than in the private sector because it has been barely touched by the managed care revolution: only 6 per cent of beneficiaries are enrolled in HMOs. For the most part it relies on the "fee-for-service" mechanisms that nearly bankrupted so much of corporate America. In a real sense it is the last outpost of central planning in the US economy. Federal bureaucrats vainly try to control costs by imposing direct controls on the prices charged by thousands of doctors and hospitals.

Yet nearly all experts agree it would make more sense to adopt the managed care techniques pioneered in the private sector. It is striking that analysts as ideologically diverse as Cutler, the former Clinton administration official, and Stuart Butler of the conservative Heritage Foundation, now recommend that Medicare recipients be given vouchers with which to purchase care from competing private-sector health plans.

There is a delicious irony in this. Clinton came to office determined to increase government supervision of private healthcare markets, which were busy reforming themselves. Meanwhile he failed to reform the fossilised public sector, for which he had direct responsibility. If progress is to occur, roles must now be reversed: the public sector will have to take lessons in reform from rapidly evolving private insurance markets.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Countries still at financial risk

From Mr Giles Keating.

Sir, Your article "IMF urges close watch on weaker economies" (February 8) cites Mr David Hale, chief economist for the Chicago-based Kemper Financial Services, as saying: "It would be imprudent to argue that a crisis on the scale of Mexico could develop in several other emerging market economies". Your leader ("Mexico's rescue") is equally sceptical about systematic risk.

However, many emerging countries, like Mexico, experienced large capital inflows during the era of cheap US money. Reserves surged and were generally not fully sterilised. The resulting liquidity helped generate a boom which threatens overheating. In Asia, this is visible in accelerating price and wage inflation; in parts of Latin America, as widening trade deficits and overvalued currencies. In Europe's periphery, a different source of monetary laxity (chronic undervaluation due to a lack of policy credibility) manifests itself as price increases in over-competitive export sectors.

Overheating booms rarely end happily. Mexico was especially vulnerable because of over-valuation and external debt, but many others are on an unsustainable path.

Even "sound policy" nations like Argentina and Thailand came under pressure during the Mexico crisis, suggesting that without the bailout there was a risk of destabilising self-justifying expectations; a violent reversal of earlier capital inflows might force drastic austerity and trigger a "hard landing". A domino collapse in emerging nations and in peripheral Europe would threaten widespread political reaction against reform. Some countries might revert to autarky, ending much of the low-cost competition currently a powerful force for non-inflationary dynamic global growth. This systemic risk justifies the bailout, despite the inherent moral hazard.

The countries at risk now have a chance to engineer a soft landing by tightening policy steadily and accelerating reform. However, there may only be a short time available before the next crisis. The relative attraction of investments in the low-risk "core" is still increasing, as monetary tightening continues in the US and starts in Germany.

If enough countries take remedial action during the current breathing space and move to a sustainable path, systemic risk will have been avoided. It will be credible to refuse help to the laggards. This is the best outcome. If too few tighten, systemic risk would remain. There would be little choice but to offer virtually indiscriminate bailouts during the next crisis. Moral hazard would have triumphed and there might be upward pressure on global inflation.

Giles Keating,
chief economist,
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No claims in Irish constitution

From Mr Bernard Charles.

Sir, Allow me to challenge the *idée fixe* that Articles 2 and 3 of the Irish constitution represent an aggressive territorial claim on Northern Ireland. These articles were found in the Irish Supreme Court to be compatible with the Anglo-Irish Agreement which accepts the principle of majority consent on the future of Northern Ireland. Our constitution distinguishes between national and state territory and nobody in Northern Ireland is forced to believe that they live on Irish national territory.

The Irish national identity and passports are valued by people in both northern communities. Brian Keenan treasured his Irish passport when he was a hostage in Beirut, while the flautist James Galway loves his because it has an Irish harp on its cover. Nations are not abstractions. Ireland will remain partitioned in deference to unionist rights, but to partition the Irish imagination by altering our constitution would be wrong.

When the Irish actor Richard Harris won an award at the Cannes Festival, one headline in London stated that a British actor had won an award. The following week he was in trouble and the same paper's headline read that an Irish actor had been in a brawl. Only an Irish constitutional provision can confer a legal basis to Irish nationality and this must not be devalued.

Bernard Charles,
14 Highbridge Green,
Stillorgan,
Co Dublin, Ireland

Berlusconi likely to regain premiership

From Mr Michael Taube.

Sir, Robert Graham's article, "Leaning tower of government" (February 3), gave an excellent portrayal of the unstable world of Italian politics. Lamberto Dini, yet another technocrat to hold the office of Italian prime minister, has a lifeless four-point mandate. If it weren't for the boycott by the Freedom Alliance, Dini probably wouldn't have been approved. His reign will be short-lived.

The Lega Nord is in the middle of a massive break-up. The leader, Umberto Bossi, has not been able to unite his separatist cause even in the midst of up-coming elections. At present the second largest party in parliament, the Northern League may be a spent force very soon.

Meanwhile, the Freedom Alliance, led by former prime minister Silvio Berlusconi, has been regaining esteem for his Forza Italia in the past few months. This has been aided by the cleansing of his partner, the National Alliance. When Gianfranco Fini moved his party away from its neo-fascist past, he probably gave the coalition an extra boost.

Mr Berlusconi will probably be prime minister of Italy again in a short period of time. A solid rightwing government is the only way to repair the damage. But if Berlusconi's jaded past comes into play yet again, will there be another short-lived government? How long can Italy go on like this?

Michael Taube,
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Invalid parallels drawn between Tajikistan and Chechnya

From Mr Richard V.L. Wilkins.

Sir, As a foreign investor in Tajikistan I was concerned to read your article "Tajik rebels take heart from Russia's struggles in Chechnya" (February 3). The circumstances are somewhat different. Chechnya is a region seeking independence from Moscow. Tajikistan is a sovereign nation struggling to develop both a prosperous economy and an appropriate electoral system. The country desperately needs foreign investment, such as the leading gold mining joint venture we have established. Such investment will assist with economic development, which, in turn, is likely to assist political development. Your article would suggest that foreign investors should stay away.

Our joint venture was negotiated in good faith with the Tajik government of early 1994. We have already witnessed elections and changes in government. At all times the relevant authorities have acted with courtesy and honour towards our joint venture. They have extended us their full co-operation. We already employ some 1,500 locals and 30 expatriates. None of these expatriates considers that he or she is working in a country wracked by military conflict. We will continue to expand our operations in Tajikistan and look forward to working with the people and government of a country with such significant economic potential.

Whether the Tajik rebels take heart from Russia's struggles in Chechnya or not, we take heart from the manner in which we have been received, and co-operated with, by all levels of Tajik society. The nation is open for business.

Richard V.L. Wilkins,
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Monday February 13 1995

Lawsuits and tee-shirts

In Silicon Valley, three-piece-suited intellectual property lawyers are as much a part of daily life as tee-shirted software engineers.

Last week's lawsuit in which Apple sued Microsoft and Intel for allegedly copying part of its QuickTime multimedia software is just the latest of a daisy-chain of cases. Apple has sued Microsoft before; Microsoft has countersued Apple. Intel has sued a number of rival chipmakers over the years. And all three companies have sued and been sued by others.

Lawsuits are a common part of doing business in the US; companies think nothing of filing lawsuits against their rivals at the same time as signing collaborative ventures with them. Microsoft and Apple, in particular, are old hands at this game. The long-drawn-out lawsuit over whether Microsoft's Windows software had improperly copied the "look and feel" of Apple's Macintosh did not prevent Microsoft programs from becoming Macintosh best-sellers.

Still, does this continuous stream of cases offer lessons beyond the litigiousness of US society? Two stand out.

First, intellectual property is increasingly at the heart of business success in the developed economies. Patents, brands, trademarks, copyright, look and feel, process, formats, knowhow – these have largely replaced fixed assets as the true wealth of companies in the west.

Other current developments emphasise this trend: for example, the increasingly bitter dispute over intellectual property rights between the US and China.

Central debate

Even five years ago, such a dispute would have been seen as a side issue, to be brushed aside in the interests of agreement on the *real* trade issues between the two countries. Now, intellectual property itself is the central debate, with other trade issues secondary.

Similarly, Samsung's announcement that it will invest $1bn in a new chip plant in Europe illustrates that companies from what was until recently the developing world can afford fixed investment on a scale which was previously the preserve of the established industries of the west. The test for success is no longer the cost of the plant, but the knowhow for defining its processes and designing the chips it will produce.

It is no wonder that intellectual property attracts the scale of litigation once reserved for the property disputes of the landed gentry, or the insurance consequences of a maritime disaster. It is now as central to the preservation of wealth as these once were.

More vulnerable

The second point is that some types of intellectual property are more vulnerable than others. Paradoxically, what might be thought of as the most profound, legitimate source of intellectual property – the protection of innovation, explicitly singled out by the framers of the US constitution as a relevant duty of government – is the most vulnerable to competition.

What human ingenuity has devised, human ingenuity can clone, often in a legal fashion. In computer technology, successful companies must adhere to publicly accessible industry standards. That makes legfl cloning easier, and it also tempts companies to license their technology, a fertile source of yet more lawsuits.

If technology can be cloned or licensed, that leaves companies searching for the most valuable intellectual property, the sort implanted in consumers' minds. Coca-Cola has spent the best part of a century and many billions of dollars not merely to put its soft drinks "within an arm's-length of desire", but also to put the desire itself into generations of minds around the globe. That mental shelf-space – linked to specific designs, colours, slogans – is more valuable than the secret formula locked in a Georgia bank vault.

Technology matters; but sometimes marketing matters more. And that applies to lawsuits, too. They may be an essential part of the process of protecting intellectual property, but they can never be a substitute for offering customers a product or service they want, at a price they are prepared to pay, backed by a reputation they trust. Everything else is, in the final analysis, a distraction from the business at hand.

Risk-free option for directors

In the heated debate over top executives' pay, British boards of directors have offered several tempting targets to politicians and pundits. One that is particularly deserving of critical attention is the use of directors' share options.

As a means of transferring shareholders' money into managers' pockets they are a miracle of simplicity and effectiveness. An added attraction, from the directors' point of view, is that the transfer appears to be effected painlessly for the shareholder, since nothing is charged to the profit and loss account under current accounting rules.

Yet share option schemes do have a cost. They also offer little in the way of incentives for management or inducements to loyalty. Worst of all, the reward is inadequately related to managerial performance and sends a poor signal to employees who are not included in the scheme. In a recent survey, the National Institute of Economic and Social Research found little obvious link between the rewards from such schemes and company profitability or total shareholder returns.

In effect, option schemes are the original one-way bet. If the shares go down, the directors merely lose a potential profit opportunity. In contrast, shareholders incur genuine losses. This is a far cry from the underlying dynamic of the capitalism which share option schemes are supposed to promote. It also fails the key test of a good incentive scheme, which is that the interests of shareholders and managers should be as closely aligned as possible.

Poor justification

Some companies argue that if they do not offer share options they will be unable to attract good outsiders and that able insiders will go elsewhere. But that is a poor justification for keeping a form of reward that fails to satisfy the aims of any sensible remuneration policy. Nor is it clear where all the directors would go if such schemes were abolished. Any overseas exodus would, one suspects, be measured not in hundreds but in tens; and the managers of privatised utilities would not be among the evacuees.

In a sane world, institutional investors would threaten to use their voting power against companies that continued to adopt a form of remuneration that runs counter to the shareholders' interests. Yet institutional managers are often themselves potential beneficiaries of the one-way bet. In practice the National Association of Pension Funds and the Association of British Insurers have favoured the use of performance hurdles before options can be exercised. Yet performance yardsticks too often tend to be related either to earnings, which can be massaged, or to total shareholder returns, which are not necessarily an accurate reflection of managerial performance.

New schemes

It has been left to a handful of leading companies to devise new share incentive schemes which lock in the directors and relate performance criteria more specifically to a corporate peer group. Even here, the shares often come as an addition to relatively high basic pay and bonus schemes, rather than as a substitute.

The Urgent Issues Task Force of the Accounting Standards Board has, meantime, come up with non-mandatory disclosure recommendations which fail to insist that directors' options should be publicly valued. It said that this was "not presently practicable" – an odd verdict, given the existence of option pricing models that are robust enough to support a multi-billion dollar global market in futures and options.

The opposition Labour party's answer is the surprisingly mild one of calling for share option profits to be charged to income tax. With the top rate now aligned with the capital gains tax rate, the chief effect would be to deprive directors of the £6,000 tax free allowance – hardly a swingeing windfall tax. The UK government's own answer, for want of a better word, is to leave it to the shareholders. In those privatised companies where it still holds a share stake it should remind directors that share incentive schemes are for exceptional performance, not just for doing the normal job.

Ministers might also jog the representative bodies of the institutions and accountants into sharpening up their respective acts. Whether it is called moral suasion or arm-twisting, it is long overdue.

Both living in interesting times

There is more at stake in the talks between China and the US than copyright issues, says Tony Walker

The US and China this week face a critical test in their complex relationship.

Talks in Beijing to resolve the dispute over Chinese copyright violations involve more than a simple argument about piracy of information and entertainment products, which is said to cost US industry $1bn a year in lost revenue. At stake is the course of Sino-US relations in these uncertain times for both sides.

China is grappling with an uneasy political transition to a post-Deng Xiaoping era, as the life of the architect of its economic reforms ebbs away. The new generation of leaders is nervous, their actions circumscribed by worries about a looming factional struggle.

At the same time, the US is coping with the uncertainties generated by a shifting power balance in Washington between a weakened president and a Republican-dominated Congress, some of whose most influential members are openly hostile towards Beijing. These ingredients promise fractious relations on many issues, including trade, human rights, arms control and Taiwan.

Central to the copyright row is the US threat to impose sanctions after a February 26 deadline on $1.08bn worth of imported Chinese products unless Beijing agrees to take "concrete" action against counterfeiters, including 29 plants in southern and central China producing pirate computer and laser discs. Washington is also demanding stronger measures against counterfeiters of items such as films, video games, books, magazines and computer software. China has said it will retaliate.

US software publishers estimate that software piracy is costing the industry $381m annually, with Microsoft the biggest loser. The Chinese government is one of the main culprits. Government departments make no provision in their budgets for software purchases even though sections of the bureaucracy are currently undergoing rapid computerisation.

The copyright argument risks triggering not only a minor trade war – threatened retaliatory sanctions affect only a small proportion of the $50bn of annual Sino-US trade – but also a renewed downward spiral in the overall relationship between the two countries. Working relations improved last year after a difficult first year of the Clinton administration, but are now unsettled again.

In Beijing, the consensus among western officials, foreign business and Chinese academics is that the copyright dispute will follow the pattern of other such trade-related arguments, and be resolved at the last moment through compromise. But few observers discount the possibility of mishap.

Ms Anne Stevenson Yang, spokesman in Beijing for the US-China Business Council, which represents US companies, is "pretty confident" that the dispute will be resolved, but acknowledges there are risks. "In economic terms," she says, "such a failure would not be devastating at all. But as part of a slow slip-sliding away for the bilateral relationship, it would be very serious."

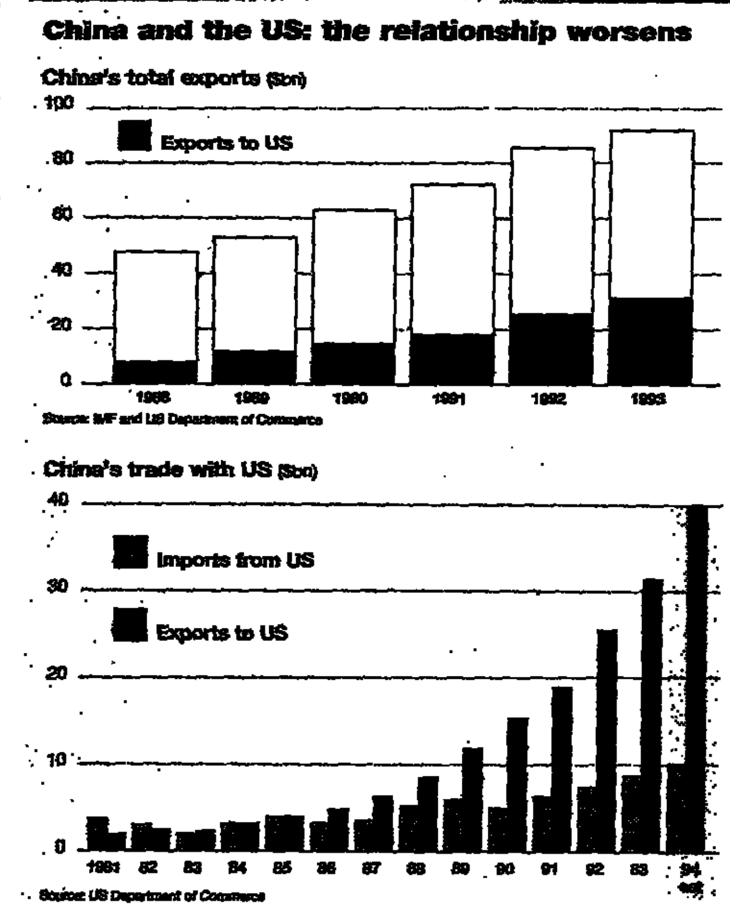
Mr Fan Gang, deputy director of the Institute of Economics at China's Academy of Social Sciences, says he is "somewhat pessimistic". He adds: "The Americans want to get things done overnight, but this may not be possible."

The Sino-US relationship has certainly worsened, according to Mr David Shambaugh, editor of The China Quarterly and a senior lecturer at London's School of Oriental and African Studies. "The two governments are moving in opposite directions," he says, "with the added complication that you have an American Congress, many of whose members see China as a parish state which should join its former communist comrades in the dustbin of history."

China was incensed by remarks this month from Mr Newt Gingrich, the new speaker of the US House of Representatives, strongly supporting Taiwan's entry to the United Nations. Chinese fury was compounded by what was seen in Beijing as Mr Gingrich's attempt to reinterpret the US "one China policy", by saying there was "currently one China with two sovereign governments who currently represent two different political entities".

Mr Gingrich gave Beijing further cause for concern when, in support of threatened sanctions over the stalled copyright negotiations, he said: "Trade cannot be a one-way street. They can't cheat us and expect us to have our market open."

Chinese officials had been sanguine about dealing with the new Republican-led Congress, but recent evidence may have persuaded them otherwise. The new breed of Republican at large in Washington is different from that with which China has been accustomed to doing business, such as Mr Henry Kissinger, the former secretary of state in the Nixon administration and architect of the rapprochement with China, and ex-president Mr George Bush, an "old friend" of China and the first head of the US liaison office in Beijing in the 1970s.



Against this background, US copyright negotiators are likely to find their Chinese counterparts more than usually prickly.

Each side also has different perceptions of how the negotiations should proceed. US officials have sought to link improved market access to China for US information and entertainment products with moves to stamp out piracy. But Beijing believes market access issues should be separated from the copyright negotiations.

Chinese negotiators argue that these issues would be better dealt with in the context of a bilateral market access agreement, signed in October 1992, and in talks on China's entry to the World Trade Organisation, the successor to the General Agreement on Tariffs and Trade (Gatt).

The two sides said they had made significant progress in their copyright negotiations before time ran out in late January and a sanctions process was instituted. However, the market access dispute remained one of the sticking points.

Sino-US trade disputes these days are particularly sensitive, because of growing Chinese trade surpluses, about which the US Congress is becoming increasingly restless. Between 1985 and 1993, US exports to China increased by 128 per cent, but US imports from China surged by 716 per cent.

"As a result," reports the US congressional research service, "the US trade deficit with China has been rising at a faster rate than that of any other major US trading partner. In 1985, the United States had a $10m trade deficit with China. In just nine years, it has surged to $22.8bn, making China the second largest deficit trading partner of the US behind Japan." The deficit this year is heading for $30bn, increasing pressure on the administration to improve market access.

While US business has welcomed the administration's stand on intellectual property and its efforts to prise open the China market, it is nervous about the dangers of a trade war. US carmakers are particularly concerned following Beijing's threat to freeze negotiations on big new car deals in which US companies are involved.

Mr Jim Paulsen, president of Ford Motor's China operations, says the company, which is in advanced discussions on an "upscale" car project in Shanghai, is worried about delays. "We think intellectual property rights is a very important issue and one that has to be addressed," he says. "But we're hopeful the two governments can resolve their differences quickly."

US carmakers are not the only ones with a keen interest in a resolution of the copyright dispute. Member states of the Asia Pacific Economic Co-operation forum are also watching developments intently. A Sino-US trade war would not be good for Apec's further development, or for the realisation of a timetable established for free trade in the region by 2010.

Tensions between Beijing and Washington, complicated by continuing political uncertainties in China, may also undermine an evolving regional security consensus. This helped to defuse the North Korea nuclear crisis, and holds promise for dealing with other potential disputes, such as competing claims to islands in the South China Sea.

Those hoping for a resolution of the copyright dispute are worried about the possibility of a miscalculation born of China's traditional resort to brinkmanship in negotiations, and pressures on the US to "hang tough". As a western official in Beijing said: "There is plenty of scope for things to go wrong."

Why quotas inhibit development

PERSONAL VIEW

UK media groups are concerned about French proposals which could lead to stricter enforcement of European Union production "quotas" determining the minimum amount of airtime that must be set aside on television for European-produced programming.

Under current rules, EU member states are required to ensure "where practicable" that broadcasters reserve at least 51 per cent of their schedules for such programming. This excludes news, sport, game shows, advertising and teletext. New broadcasters are allowed to achieve the target "progressively".

But the European Commission is expected to publish proposals soon for amending the Broadcasting Directive enshrining the rules.

It has not yet agreed its proposals. But Mr Jacques Santer, the new Commission president, said recently that quotas inhibited the development of a thriving indigenous audiovisual economy. His comments were in stark but welcome contrast to the ideas of Mr Jacques Delors, his predecessor.

The French want current quota arrangements to be enforced more rigorously. But this worries UK media groups because they believe such measures would inhibit the development of the terrestrial and the non-terrestrial audiovisual markets. UK companies are well-placed to exploit these.

I fully appreciate our European partners' concern for their culture, and share the French desire to see a strong, competitive indigenous audiovisual industry reflecting the cultural diversity of the EU.

But the erection of protectionist barriers is not an effective way of delivering a regime conducive to improving competitiveness and responding to consumer demand.

I believe that the quotas create an irreconcilable contradiction at the heart of the directive. The best course would be to eliminate them or phase them out. At the very least, the present flexibility should be maintained. There should be no tightening up in line with the French suggestions.

Quotas are a crude and ineffective tool. They do not deliver consumer choice, quality programming, cultural protection or investment in new services and programming.

They are also unnecessary. Television viewing figures throughout the EU show that consumers prefer domestically produced programming over imported material.

Service providers, particularly in

Quotas do not deliver consumer choice, quality programming or investment in new services

the subscription market, will only survive if they offer a product which consumers want.

Indeed, it will soon be possible for consumers to use their telephones to access interactive or video-on-demand databases anywhere in the world and make their own viewing choices. The development of such services, where the power of choice rests with the consumer, underlines the irrelevance of quotas.

In the meantime, there is a danger that rigid quotas will damage the development of new services, cause stagnation in the production sector and distort viewer choice. New broadcasters are unlikely to have the necessary resources to invest significantly in European productions. Furthermore, without an initial revenue flow, they will find it difficult to reinvest in the original programming which consumers demand and broadcasters must supply if they are to succeed.

This stifling of new services and investment in programming could have profound effects on the production market. Instead of competing in an expanding, dynamic market, European programme-makers would have to settle for an artificially imposed share of a stagnant market. This is to nobody's benefit except our competitors'.

Rigid quotas could also distort programming decisions by broadcasters and restrict consumer choice by producing a bias towards low-quality, low-budget, low-added-value programming which is not subject to the quotas. Broadcasters seeking to avoid quotas altogether or merely to pay lip service to them could provide a diet of game shows, or cheap chat shows, to meet their obligations.

My responsibility is to promote both UK commercial interests and those of UK consumers. Mr Jacques Toubon, the French culture minister, recently declared that you could not leave the consumer to decide what to watch. I simply disagree.

We are at the start of protracted negotiations. Today's meeting in Bordeaux of EU broadcasting ministers affords an opportunity to inform them of the principles which will guide me through those discussions: namely that producers should be able to serve the interests of their consumers unfettered by arbitrary restrictions.

Those principles are clear, simple and I believe are in the best interests of viewers and the audiovisual industry throughout Europe.

Stephen Dorrell

The author is UK secretary of state for national heritage

OBSERVER

Baby talk at hustings

■ Ferdinand Ramos, the Philippines' cigar-chewing head of state, didn't get to the top by being flamboyant. Best known for his self-effacing approach to a job once occupied by more debonair types, "Steady Eddie" is nevertheless something of a dark horse.

For instance, Rosemarie "Baby" Arenas, who recently declared her candidacy on the opposition slate for the senate elections in May, turns out to be his former girlfriend.

Arenas claims all is very much in the past. "The president and I are very close friends but when it comes to politics and helping the poor we have to part company," she told foreign journalists last week.

This may come as a surprise to Leticia Shahani, a leading pro-government senator and the sister of Ramos, who succeeded in vetoing "Baby" Arenas's request to stand on the hustings in support of the government. Observers of the political scene anticipate an amusing few weeks, with Baby's candidacy possibly boosting the president's lacklustre image.

Of our time

■ The British government tears itself apart over a single European currency. The Westminster Euro-philes fret about being marginalised from the grand debate on the Continent. But who says the country has lost its voice in Brussels?

Yves-Thibault de Silguy, the French commissioner in charge of economic and monetary policy, whose job it is to jolly everyone along towards monetary union, has picked his official mouthpiece. Step forward 29-year-old Brit, Patrick Child.

Child moved to Brussels 12 months ago, following six years at the UK Treasury. It was from DG2, the division dealing with matters economic and monetary, that he applied for the post, beating all de Silguy's fellow countrymen.

Quite what the French government makes of the choice can only be imagined. But the British can forget the prospect of Commission policies suddenly enunciated in a familiar English accent. Child speaks French more or less like a native.

Net not working

■ So much for Europe's information superhighway. Organisers of this month's G7 summit on the much-trumpeted information society seem to have their wires – or should one say modems – seriously crossed.

The principal problem is the site of the exhibition, the hideously expensive Espace Léopold complex in Brussels, which is supposed to be the new European Parliament, but which presently doubles as a big, muddy building site.

The place is radio dead; electricity is provided by two 30ft vans containing power generators outside; and the exibitors are having to fight for space with the thousands of journalists descending on the conference.

Meanwhile, the million Ecu question is whether US vice-president Al Gore will actually pitch up as the conference's key note speaker. "Some days it's yes, some days it's no," shrugs an official.

Even the Commission's normally cool-headed press service has no answer. "Look, this thing was started before we even got here," it says, passing the buck neatly down the line to the old Delors administration.

Seitz lowered

■ What ever has got into Ray Seitz, the former US ambassador to the Court of St James's, who secured his place in Observer's affections by staying in Britain on account of his three dogs?

When his term of office finished, Seitz explained that he did not want to subject the family's hounds to quarantine once again, and began picking up non-executive directorships at the likes of GEC and Cable & Wireless.

A particularly popular and influential former ambassador, Seitz's services are rightly much in demand.

So why on earth dilute the portfolio by adding a directorship at international public relations outfit Shandwick?

Kiev chickens

■ "$1,000 for a sensation," screamed the headline recently in Kievskie Vedomosty, the Ukrainian capital's best-selling tabloid. The paper is offering the cash as a first prize, along with a $500 second and three $250 prizes, for any tips to fill its pages. The contributions will be anonymous.

Seven decades after setting the standard for dullness, the Soviet press is livening up. Serious journals such as Izvestya and Segodnya, still tackle weighty topics but the tabloids are imbibing western techniques.

Kievskie Vedomosty obviously needs all the help it can get. The best it could manage in a recent "Scandal" section was a story about irate deputies being locked out of a committee meeting in the president's office.

At a guess, worth about 50 cents.

Three's a crowd

■ Why do policemen always walk around in groups of three?

One to read; one to write; and the other one to keep a watch on these two dangerous intellectuals.

The Financial Times

100 years ago

St James & Pall Mall Electric
The annual meeting of the St James and Pall Mall Electric Light Company was held yesterday at the offices, Golden Square. The Chairman, in moving the adoption of the report, said the new year had commenced in the most gratifying manner. Mr Pearce said the question of the danger of the electric light in the public streets had recently come disagreeably to the front, and he would like to know whether the subject was receiving the proper attention. The Chairman said . . . it was satisfactory to know that the low tension system used by the Company could not produce shocks that would be of any danger to horses.

50 years ago

Brokers' proposals
Advices from Cairo indicate that Stock Exchanges in Egypt have decided to keep a close watch on the infiltration of shares formerly held in German-occupied Europe . . . Egyptian stockbrokers are determined to prevent the sale in Egypt of securities that have been irregularly bought at slump prices on European exchanges.

FINANCIAL TIMES
Monday February 13 1995

Northern League 'wake' turns into a baptism

By Andrew Hill in Milan

It was dubbed a funeral by opponents, but Mr Umberto Bossi, leader of Italy's populist Northern League, yesterday turned the party's national congress into a baptism, celebrated in front of more than 7,000 supporters.

From now, the party will be known as Northern League-Federal Italy, a change of name designed to build national support for a movement that once sought the establishment of a northern Italian republic, independent of the poor south.

The name change was adopted amid procedural confusion yesterday, and was not welcomed wholeheartedly by League supporters. But if confirmed, it will be only the latest in a series of changes that sober-suited delegates and flag-waving *leghisti* have been asked to swallow over the last year.

The rank and file of Mr Bossi's Northern League are like faithful soccer fans. It hardly matters if the tactics change, or key players transfer to rival squads – they go on turning up for every event as long as the team exists.

Even the banners of the *leghisti* reflect the football fan's talent for hyperbole: "Bossi – lift your eyes and look to the heavens: only He is greater than you", read one at the congress.

The League was, after all, the party that a year ago was preparing for a successful election campaign alongside the new Forza Italia movement of Mr Silvio Berlusconi and the far right MSI/National Alliance.

It was Mr Bossi's withdrawal of support that precipitated the collapse of the eight-month-old Berlusconi government before Christmas. On Saturday, Mr Bossi used Milan's Palatrussardi arena to condemn the media magnate as "the Frankenstein of the right", and welcome Mr Massimo D'Alema – leader of the former communist Democratic Party of the Left (PDS) – as a potential electoral ally.

In the short term, the congress seems to have allayed the fear that Mr Bossi's decision to pull out of government might also bring the movement tumbling down on the head of its founder.

The League leader did have to say an emotional farewell to his friend Mr Roberto Maroni, the League's number two and a former interior minister in the Berlusconi government. Mr Maroni announced that he intended to resign as a member of parliament to try to rally League dissidents – including a substantial minority of deputies – behind Mr Berlusconi and his allies.

On Saturday, in a typically extravagant gesture, Mr Bossi offered to quit, an offer rejected by an overwhelming majority of delegates. But although the congress was a flamboyant demonstration of grass-roots support for Mr Bossi, the League has not yet resolved its identity crisis.

In last year's March election, the League returned 117 deputies and 60 senators to parliament, helped by Forza Italia's well-oiled campaign machine and an agreement with Mr Berlusconi to run mainly League candidates in its northern heartland.

In his closing address last night, Mr Bossi reminded supporters that the League was a party of the centre, not of the right or the left. As Mr Maroni underlined in his farewell speech on Saturday, there is a danger that a weak, centrist League will be cut out of mainstream party politics as electoral reform moves Italy towards a two-party system.

Italy seeks Ecu5bn credit, Page 17

Mandela faces pressure to oust Winnie from government

By Roger Matthews in Johannesburg

President Nelson Mandela of South Africa is under mounting pressure to sack his estranged wife Winnie from the government of national unity.

The top 11 executive committee members of the powerful women's league of the ruling African National Congress resigned at the weekend in protest at the behaviour of Mrs Mandela, deputy minister of arts and culture and the league's president.

At an emergency four-hour meeting with the 25-strong executive of the women's league yesterday, Mr Mandela was told the resignations would not be withdrawn unless he took action. Among the 11 who have quit are Mrs Nkosazana Zuma, the health minister, and Mrs Adelaide Tambo, widow of the former ANC president.

It had earlier been reported that Mr Mandela had already warned his wife that she must retract a recent attack on the government or face dismissal.

At the funeral of a black police officer killed by a white colleague, Mrs Mandela last week accused the government of not doing enough to redress the consequences of apartheid and of being too responsive to the sensitivities of the white minority. She asked whether the ANC was in power or merely in government, and claimed the ANC was being over-indulgent in its desire for reconciliation.

A spokesman for Mr Mandela said the president had been upset by her remarks, but refused to confirm that she had been issued with an ultimatum.

The women's league, which plays a leading role in deciding ANC policies, hit out yesterday at Mrs Mandela's leadership, complaining that it was undemocratic, lacked transparency and "had failed to unite women".

The outburst appears to have been sparked by Mrs Mandela's decision to commit the women's league to participation in a joint tourism venture, called Road to Freedom Tours. The executive committee had earlier decided the venture should not go ahead.

Mr Mandela is also under pressure to cancel the appointment of Mr Allan Boesak, an ANC colleague and internationally famous campaigner against apartheid, as ambassador to the UN in Geneva.

An inquiry by a Johannesburg law firm last week alleged that Mr Boesak had misappropriated large sums of money from the Foundation for Justice and Peace, the charitable fund he set up to aid victims of apartheid. The inquiry was carried out at the request of Scandinavian donors.

An official announcement on Mr Boesak's Geneva appointment had been promised by last Friday. The delay appears to confirm Mr Mandela's reluctance to take strong action against those who were loyal during his 27 years in prison.

SBC 'may have breached insider rules'

Continued from Page 1

angry that Swiss Bank did not disclose the stakes on the grounds they were held for marketmaking purposes.

Marketmakers have an exemption from the normal requirement that all stakes of over 3 per cent in listed companies be disclosed. The derivatives contracts were cleared by the Stock Exchange and the Takeover Panel before the bid was announced and both regulators have since restated that none of their rules were breached. The Stock Exchange said it would consult members on whether rules needed to be changed.

The Takeover Panel has refused a request by Northern for an immediate appeal against its original ruling in order not to prejudice possible legal action.

Rule 4 of the Takeover Code, which Northern's advisers believe Swiss Bank breached, is based on the old insider dealing rules.

IG Metall warns of strike ballot over pay claim

By Andrew Fisher in Frankfurt

Germany's biggest trade union, IG Metall, turned up the temperature in this year's pay round yesterday by threatening to call a strike ballot in the engineering industry if employers offered no response to its 6 per cent pay claim by tomorrow.

"Our patience is at an end," said Mr Klaus Zwickel, head of the union. Without a satisfactory offer – one that could lead to a compromise – a strike would be "unavoidable", he told a weekend meeting of union representatives in Hamburg.

He said the union would set a date for a strike ballot if Gesamtmetall, the employers' federation, did not, in the next day or two, "put a serious offer on the table".

Economists generally expect the settlement in the engineering industry to be about 3 per cent, and that it will include agreements on more flexible working.

Mr Stefan Schneider, a Frankfurt-based economist with S.G. Warburg, the UK investment bank, said employers would probably make an initial offer of 2 per cent but be willing to settle for about 3.5 per cent with concessions on working practices.

With orders growing as economic recovery continued, they would be unwilling to risk any disruption of production, he added. But if the Bundesbank regarded this year's settlements as too high, it would probably react by raising official interest rates in the second quarter of this year to damp inflationary pressures, he said.

IG Metall said about 450,000 workers in west Germany had taken part in warning strikes over the past two weeks in support of its claim. No pay offer had been received, despite numerous regional talks.

The employers' federation criticised IG Metall for wanting to discuss only wage rises and not responding to its demands for a lowering of costs. IG Metall also wants an employers' guarantee that the agreed introduction of a 35-hour working week from October will take place.

The employers have suggested postponing the one-hour cut in the working week to save costs. "For Gesamtmetall, wage rises and cost reductions must both be included in any solution," the federation said. "The competitiveness of companies must be improved by cost reductions."

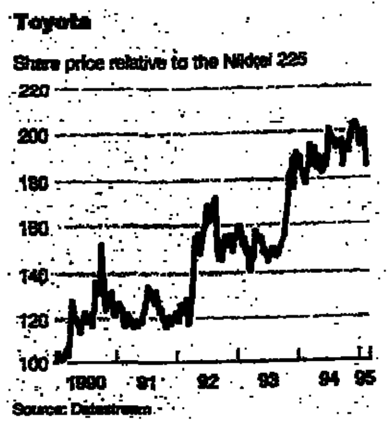
Mr Klaus Murmann, president of the Union of German Employers' Federations, said a strike would be "very inappropriate and unfortunate". Many engineering companies were only breaking even or still in the red.

Both companies and employees needed a progressive wage policy that would help create jobs, he said. A pay rise coupled with a more flexible working week could save on overtime payments.

LEX COLUMN

Toyota's profits drive

The jump in profits at the Toyota parent company in the six months to December, albeit the first profits rise at the company in five years, does not quite mark the long-awaited turnaround in the fortunes of the Japanese automotive industry. But the better-than-expected figures will be studied with some alarm by competitors in Europe and the US.



The results show just how successful Toyota has been in cutting costs. Operating profits benefited to the tune of Y70bn as a result of cost-trimming. This helped offset the impact of the depreciation of the dollar against the yen, which knocked Y35bn off profits in the half-year. It also helped Japan's largest automotive producer defy stagnant conditions in domestic and overseas markets. Total vehicle sales in Japan rose a meagre 1 per cent last year with the pick-up in the later months of the year disappointing. In Europe, the Japanese share of a growing market dropped from 12 to 11 per cent. Nevertheless, despite downgrading its volume sales forecasts, Toyota is now confidently upgrading its net profits forecasts for the nine months to March.

The message for international car manufacturers is clear: Toyota is set to emerge from recession a fitter force. Moreover, as there is no marked sales upturn in Japan, the rationalisation will not relent. Nor will Toyota reduce its aggressive overseas expansion. For investors, the figures confirm that earnings are at last climbing again towards their previous peak. Toyota's shares enjoy a deservedly high rating and further outperformance is likely.

Goodwill accounting

Advisers to Wellcome have suggested that accounting anomalies may prevent a US company coming forward as a "white knight" for the beleaguered UK pharmaceuticals group. The argument centres on the different rules on accounting for goodwill, the gap between the price paid for a company and its tangible assets.

According to this flawed line of reasoning, UK buyers have an advantage over their US peers when bidding for companies where the premium over tangible assets is large. This follows from the fact that UK companies, unlike their US competitors, are not obliged to write off goodwill against profits and thus reported earnings do not suffer on such acquisitions. The purchase of Dr Pepper by Cadbury Schweppes is said to show that this applies as much to the food and drink sector as to pharmaceuticals.

However, the argument is nonsensical as the accounting treatment has no bearing on the economics of a transaction. Indeed, if there is a competitive advantage, it is now with US companies. There has been a recent change in US law which makes goodwill a tax-deductible expense. This should positively encourage transactions involving large amounts of goodwill. The write-offs would have a cash benefit to the acquirer, which would make the impact on reported earnings more bearable. This way of dealing with goodwill might appeal to finance directors in the UK, where the prolonged debate on accounting for intangibles has merely exposed the inadequacies of the various treatments proposed so far.

Eurotunnel

It is bizarre that Eurotunnel shares should be hit by the revelation of further disagreements with British Rail and France's SNCF. The argument concerns only a few million pounds, which pales by comparison with the group's £7bn of debt. Meanwhile, the announcement of last year's diminutive revenues was already well flagged.

Nonetheless, Eurotunnel is fast approaching another watershed. The company's projections last May gave it a £419m margin of error to carry it through to positive cash flow in 1998. It is likely to have suffered a £50m short-fall from the delayed launch of services. A further £150m is contingent on the exercise of warrants in October, but this would require a rise in the share price. In addition, Eurotunnel forecast average UK/French interest rates of 6.15 per cent this year and 6.4 per cent next. The money markets suggest this is wildly optimistic, which could inflate the cost of servicing Eurotunnel's £4.5bn floating rate debt. And that is even before you look at the trading picture.

Yet all is not lost. Eurotunnel is pursuing BR and SNCF for compensation on delays and cost over-runs. It wants £400m and a higher share of Eurostar's profits. A decision is due this summer. Both rail companies are state owned, and such compensation could provide a means whereby governments could support a project in which much political capital has been invested. A favourable decision would encourage warrant conversion, providing the capital for Eurotunnel to go out and compete for customers. Until then, its future remains uncertain.

UK markets

Since September, the FT-SE 100 index has crossed the 3,100 level on three occasions and each time it retreated. But this time the index appears to have sufficient momentum to sustain the rally and even advance further.

For one thing, the market seems to be looking for good rather than bad news. The main reason is the state of the bond markets. Long-term bond yields are falling as it appears increasingly probable that the US economy is slowing and that fears about inflation have been over-pessimistic. This provides support for equities on both sides of the Atlantic. In the UK particularly, the yield ratio between equities and gilts looks increasingly undemanding given groups' strong earnings and dividend growth.

A further boost for equities should come from additional liquidity injected by the corporate sector. Companies are generating large quantities of cash. This is being distributed through normal dividend growth, cash buy-backs and through acquisitions. Additional funds are also available for equities because of the UK's shrinking public sector borrowing requirement which has reduced the supply of gilts.

However, the momentum is not irresistible. If the rally is to be sustained, the UK results season must not contain too many disappointments; US equities, which seem to be towards the top of their trading range against bonds, must not suffer too sharp a correction; and domestic political crises must not lead to a sterling crisis which might undermine overseas investors' confidence in UK assets.

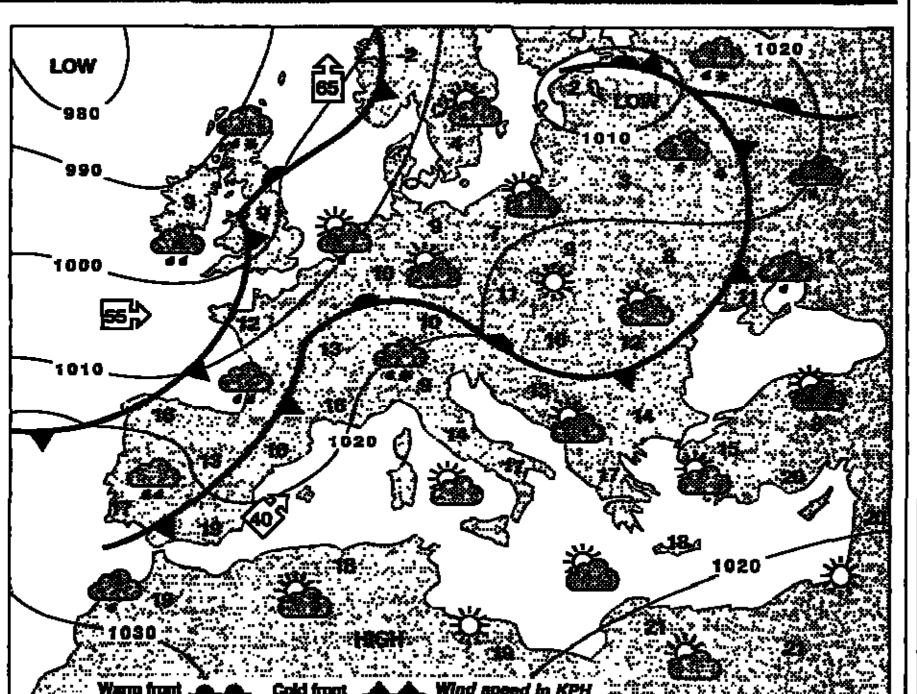
FT WEATHER GUIDE

Europe today

Two north-to-south rain zones will cover western Europe, but a general southerly airflow will keep temperatures above seasonal averages. Arctic air carrying snow showers will reach Scotland during the day. Heavy rain is expected over Spain and France and several inches of snow will fall along the southern slopes of the Pyrenees and in the south-western Alps. During the morning, gale force winds and a mixture of rain and snow will sweep the Baltic Sea. There will be widespread snow over the Baltic states and Russia, though further to the south-west weak high pressure will bring partly sunny and dry conditions. The Norwegian coast will continue unsettled, while the eastern Mediterranean will be sunny with maximum temperatures exceeding 20C.

Five-day forecast

A large low pressure area near Iceland will bring mild air and intermittent rain across most regions. France and Spain in particular will continue wet and unsettled, while snow will continue to fall in the Alps. In the second half of the week the eastern Mediterranean will become less mild and dry.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

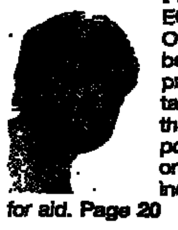
		Maximum	Beijing	fair	7	Caracas	fair	28	Faro	rain	18	Madrid	rain	13	Rangoon	sun	32
		Celsius	Belfast	rain	9	Cardiff	rain	10	Frankfurt	rain	11	Majorca	fair	18	Reykjavik	shower	2
Abu Dhabi	fair	20	Belgrade	fair	14	Casablanca	shower	17	Geneva	rain	12	Malta	sun	18	Rio	cloudy	30
Accra	fair	32	Berlin	sun	10	Chicago	fair	-6	Gibraltar	rain	16	Manchester	rain	10	Rome	sun	16
Algiers	cloudy	21	Bermuda	cloudy	19	Cologne	rain	13	Glasgow	rain	8	Manila	cloudy	31	S. Frsco	cloudy	13
Amsterdam	fair	11	Bogota	cloudy	22	Dakar	cloudy	23	Hamburg	fair	9	Melbourne	fair	29	Seoul	sun	4
Athens	sun	17	Bombay	sun	31	Dallas	cloudy	11	Helsinki	cloudy	-4	Mexico City	fair	21	Singapore	cloudy	31
Atlanta	fair	9	Brussels	rain	12	Delhi	fair	25	Hong Kong	fair	21	Miami	cloudy	25	Stockholm	fair	-1
B. Aires	shower	27	Budapest	fair	11	Dubai	fair	21	Honolulu	fair	27	Milan	rain	9	Strasbourg	rain	13
B.ham	rain	10	C.hagen	fair	4	Dublin	shower	10	Istanbul	fair	13	Montreal	shower	-11	Sydney	fair	25
Bangkok	fair	32	Cairo	cloudy	22	Dubrovnik	fair	16	Jakarta	thund	30	Moscow	rain	2	Tangier	rain	17
Barcelona	cloudy	16	Cape Town	fair	27	Edinburgh	rain	6	Jersey	cloudy	10	Munich	fair	11	Tel Aviv	sun	22
									Karachi	fair	27	Nairobi	thund	27	Tokyo	fair	11
									Kuwait	fair	21	Naples	fair	17	Toronto	fair	-6
									L. Angeles	cloudy	17	Nassau	fair	28	Vancouver	fair	3
									Las Palmas	fair	22	New York	sun	-1	Venice	cloudy	11
									Lima	cloudy	28	Nice	rain	14	Vienna	fair	10
									Lisbon	rain	16	Nicosia	sun	21	Warsaw	sun	8
									London	rain	11	Oslo	snow	1	Washington	fair	1
									Lux.bourg	rain	10	Paris	rain	13	Wellington	fair	19
									Lyon	rain	16	Perth	fair	27	Winnipeg	fair	-16
									Madeira	fair	20	Prague	fair	10	Zurich	cloudy	11

هكذا من الأصل

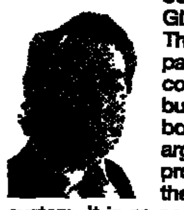
FINANCIAL TIMES
COMPANIES & MARKETS

Monday February 13 1995

MARKETS THIS WEEK



PETER NORMAN:
ECONOMICS NOTEBOOK
Official development finance fell between 1992 and 1993 yet the problems that aid is intended to tackle persist. The World Bank says that more than 1bn people live in poverty. Now non-governmental organisations are becoming increasingly important as channels for aid. Page 20



JOHN PLENDER:
GLOBAL INVESTOR
The fact that the last rescue package for Mexico in August 1982 coincided with the start of a long bull market in US equities and bonds has encouraged optimists to argue that the latest rescue could prompt a similar upsurge thanks to the injection of liquidity into the system. It is an engaging hypothesis, but hopelessly wrong-headed. Page 20

BONDS:
The improved performance by European government bond markets this year, and in particular last week, has triggered an outbreak of optimism in some quarters. Page 22

EQUITIES:
In Wall Street uncertainty may reign until Wednesday when important figures on capacity utilisation and consumer prices will be released. London last week saw a sudden scramble towards the UK market by fund managers who had let their weightings drift down in January. Page 23

EMERGING MARKETS:
The recent relaxation of barriers to foreign investment in the share market by the Taiwanese authorities are unlikely to result in an influx of overseas funds in the near term. Page 21

CURRENCIES:
The dollar has recently traded in tandem with the US bond market, with bullish sentiment based on the view that economic growth in the US is slowing, and inflationary pressures subsiding. This view will be put to the test this week. Page 21

COMMODITIES:
Serious negotiations between zinc miners and smelters about charges in the coming year will begin next weekend at the American Zinc Association's annual conference. Page 20

INTERNATIONAL COMPANIES:
The conditions for a settlement in the governance row between the directors of Union Bank of Switzerland and BK Vision, the bank's largest shareholder, appear to be improving. Page 19

UK COMPANIES:
Kleinwort Benson, the UK investment bank, and Lehman Brothers of the US have won the mandate to advise on the privatisation of Taiwan Power Company. Page 18

STATISTICS

Pearson buys 10% Asian TV stake

UK media group fulfils Hong Kong ambition with HK1.3bn TVB purchase from founder

By Peter Pearse in London

Pearson, the media and entertainment group, is expected to announce today the acquisition of a 10 per cent stake in Television Broadcasts (TVB), the leading Hong Kong broadcaster, for HK$1.3bn, or about $166m.

It is believed the seller is Shaw Brothers, the family company of Sir Run Run Shaw, TVB founder and executive chairman. The sale, expected at around HK$32 a share, would reduce the family stake to 24 per cent. The shares closed at HK$32.80 on Friday.

The deal would fulfil the UK group's ambition to expand its television interests in the fast-growing Asian market to complement its European broadcast interests.

TVB is the largest producer of Chinese-language television programmes, making about 5,000 hours of drama, soap operas and comedy a year. It has a virtual stranglehold on the Hong Kong television market and has penetrated the southern Chinese market – currently 3m-strong, but growing.

Pearson's television division embraces Thames Television, the former London weekday ITV station and now an independent production company, a joint European satellite venture with the BBC and stakes in satellite services, including British Sky Broadcasting.

In January Mr Greg Dyke, one of the executives responsible for London Weekend Television's success, accepted the post of chairman and chief executive of Pearson's television interests because "it has a clear commitment to expand its television interests both in the UK and internationally".

Previous efforts by Pearson – which owns the Financial Times – to expand in Asian television had been thwarted. In July 1993, Pearson withdrew from talks to buy a controlling interest in Hutchvision, the operator of StarTV, a Hong Kong-based satellite television system with broadcasts reaching 38 Asian countries. Mr Rupert Murdoch's News Corporation bought a 63.6 per cent stake a few days later.

Pearson then turned its sights on TVB. The second largest shareholder is Mr Robert Kuok. Until last September Mr Kuok's stake was about 24 per cent. Over the summer he was in talks with Pearson about the UK group acquiring a near-10 per cent stake, but they broke down. He then sold 30m shares, or 7.5 per cent, to investment institutions for more than HK$1bn, the day after TVB reported a 70 per cent increase in first-half net earnings to HK$278m.

Leisure group seeks expansion after sale of Xerox stake, writes **Scheherazade Daneshkhu**

Rank limbers up to sound its gong in new areas

For a company which introduced its films by banging a gong, Rank Organisation, one of the UK's largest diversified leisure groups, is remarkably reticent about its future. Rank last month announced that it would reduce its highly profitable stake in the Rank Xerox office equipment joint venture from 49 per cent to 29 per cent in return for £620m ($961m). Its circular seeking shareholders' approval for the disposal is expected to be sent out later this week.

Rank's shares lost 5 per cent of their value on the day of the announcement – its whole Rank Xerox stake was estimated by some to be worth £2bn – but the company's share price is heading back in fits and starts towards the 408p at which it closed the day before the announcement.

The rocky ride has reflected questions about the wisdom of the sale and uncertainty about what the company intends to do with the proceeds. "No one expects Rank to come out and say it will be buying this and that company," said Mr Bruce Jones, leisure industry analyst at stockbroker Smith New Court, "but it could single out one or two areas or say it wants to increase its geographical exposure outside the UK."

The sale presents a challenge and an opportunity. Rank has given the impression that it is looking to spend the money quite quickly but it has said little more than that it will be used to expand its core leisure and entertainment businesses. In due course, Rank will either be seen to have invested the money profitably or to have wasted it.

Rank is the UK market leader or second big player in most of its many businesses which loosely hang together under the leisure banner. These include video duplication, Pinewood film studios, the Odeon cinema chain, Butlins holiday centres, a string of about 150 social and bingo clubs which operate under the names Top Rank and Mecca, as well as the Hard Rock hamburger restaurants in Europe and the eastern US. It also owns nightclubs, casinos, amusement arcades and caravan resorts.

Mr Michael Gifford, chief executive, who last week firmly denied rumours that he was on the verge of early retirement, has indicated some future areas of expansion. These include developing the company's proposed Oasis holiday villages which will compete with the three successful UK Center Parcs belonging to Scottish & Newcastle, the beer and leisure group.

The construction of the first Oasis near Folkestone in Kent has been delayed by environmental objections. However, Rank is committed to the venture and has said it wants to open a number of Oasis villages – perhaps as many as five – which are estimated to cost about £80m each.

It is also considering purchasing some or all of the European MGM cinema network which the French bank Crédit Lyonnais is putting up for sale. However, given its ownership of more than 300 Odeon screens in the UK, a proposed purchase could be referred to the Monopolies and Mergers Commission.

Rank has already said it wants to increase its investment in film production in return for non-US distribution rights. It holds the UK cinema distribution rights for the successful British film *Four Weddings and a Funeral*. Plans are under way to develop 600 acres of land in Florida adjoining the motion picture theme park which is jointly owned with Universal Studios.

Bingo, the largest contributor to profits in the recreation division, is another area Rank is committed to expanding. It will need to do so to protect its UK market share against other companies, such as Vardon and First Leisure, which have been building successful new "flat-floor" clubs on the edge of towns.

But Rank's acquisition of a bingo club in Spain provides a toehold in a potentially lucrative market. It says an average of £50-£60 per person is spent per visit to Spanish bingo clubs compared with £12-£15 in the UK. It intends to make more acquisitions or build new clubs there. Bingo expansion in the North America is also a possibility.

The largest contributor to profits in the leisure division is the Hard Rock restaurants which, with a few exceptions, Rank either owns or franchises. It plans to increase their numbers in the US and Europe.

Rank has given no indication whether it will use the money to expand these projects or whether it has a specific acquisition in mind. If it does, targets could include William Hill, the betting chain owned by Brent Walker, the debt-laden bookmaking and public house group.

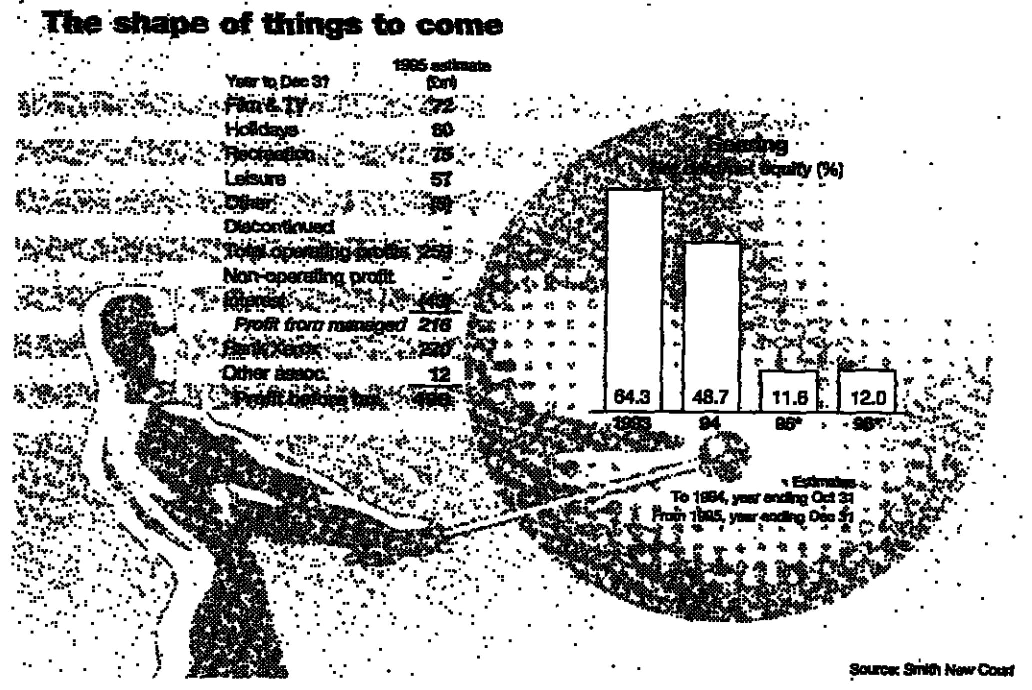
Mr Gifford's strategy since joining Rank from Cadbury Schweppes in 1983 has been to get rid of loss-making and non-core businesses. "He has been quite good at that", one analyst said, "but the company has spent a lot of money in the last five to 10 years without getting high enough returns. Rank is a jack of all trades but master of none."

Others disagree or believe it is still too soon to judge whether the company will reap the rewards of the £1.1bn or so invested over the past five years.

Rank itself says the degree to which its businesses interlink and its purchasing power are often underestimated. It claims, for example, to be the largest buyer of soft drinks in Europe.

Until the Rank Xerox disposal is approved, however, the market will have to wait for the gong.

The shape of things to come



Source: Smith New Court

Italy seeks Ecu5bn credit

By Martin Brice in London

The Italian treasury will today formally announce that it is seeking Ecu5bn ($6bn) from international banks. It has asked J.P. Morgan, the US bank, to co-ordinate the Ecu5bn, five-year facility. The bank will be asking a group of international banks each to underwrite Ecu300m amounts.

The money will be used to redeem maturing Italian government bonds denominated in Ecu, known as Certificati del Tesoro (CTEs).

The decision to continue its Ecu liabilities by raising funds in Ecu rather than other currencies is in line with the previously stated intention of Italian premier Mr Lamberto Dini to take the lira back into the European exchange rate mechanism, and maintains Italy's overall level of Ecu liabilities. Mr Dini said in his inaugural speech to the Chamber of Deputies on January 23 that ERM membership was an aim for the lira.

The decision to opt for a credit from banks rather than issue new CTEs is a reflection of current low rates available in the international banking market and the enhanced flexibility which a bank credit provides for the CTE refinancing programme. Aggressive competition among banks for assets has forced the price of loans down, while political troubles have led to volatility in Italian government bond markets including the CTEs.

Pricing of the term loan appears to have been set at 8 basis points over the London interbank offered rate (Libor). There is an 18-month availability period during which the Italian Treasury will pay a 4 basis points commitment fee on the undrawn amount of the loan.

International banks have been enthusiastic lenders to sovereign borrowers because the loans are zero-weighted assets, which means the banks need not put aside capital against them.

J.P. Morgan recently co-arranged the successful $6bn loan for Sweden, which was also priced at 8 basis points over Libor. A DM3bn ($1.9bn) loan for Portugal priced at 7.75 basis points over Libor attracted underwriting commitments of DM8.4bn from international banks, while last year Spain borrowed Ecu6bn priced at 8.75 basis points over Libor.

This week: Company news

SAAB

Back in the race after five years in the pits

After five years of grim struggle against huge losses, Saab Automobile will today announce a profit for 1994, the first in a full year since 1988 and the first since General Motors of the US bought a half share and took management control of the company in late 1989.

Expectations are for a pre-tax return of in excess of SKr500m ($67m) after a loss in 1993 of SKr1.37bn and accumulated losses since 1988 of more than SKr11bn.

The result will come as a relief for GM and Saab-Scania, the Swedish half-owner that is in turn held by the Wallenberg family empire.

Since GM bought into Saab in a SKr600m deal in December 1989 – Ford and Fiat had also been suitors – the two partners have twice had to pump in capital injections totalling more than SKr8bn.

They will argue that Saab has now got to grips with the chronic inefficiencies that plagued it in the past and survived a tough recession to emerge with a bright future. But with a basic range of just two models and low volumes, Saab still has some way to go to re-establish itself fully.

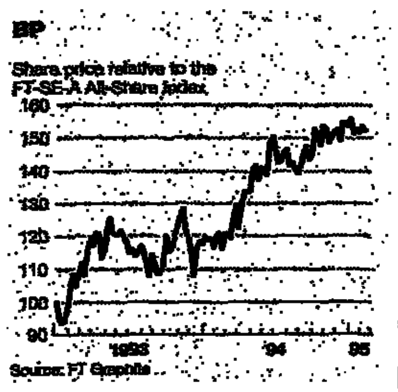
Key to the revival last year was the success of the new 900 model launched in 1993. Figures already released showed Saab sold 89,000 cars in 1994, compared with 73,600 in 1993.

The target for 1995 is 100,000, a mark it last exceeded in 1989. The return to profit was also aided by productivity gains and the weakness of the Swedish krona.

The question for GM now is whether it can raise Saab's productivity to industry-leading levels and get attractive new models on the market.

It is working on a replacement for the old 9000 model and must soon decide whether to add a smaller or a top-line luxury model to extend its range.

BP



Source: FT Graphite

NORWAY'S BLUE-CHIPS

State moves in for explosive showdown

Dyno, the explosives and chemicals group, kicks off the second week of Norway's corporate reporting season and today will report record profits for 1994 in the range of NKr700m-NKr750m ($104m-$112m). Other blue-chips to unveil last year's preformance record include Den norske Bank, Kvaerner and Hafslund Nycomed.

Although three out of the four groups are expected to report stronger results, the market is gearing up for the expected showdown tomorrow between DnB, Norway's biggest commercial bank, and the state, its major shareholder with a 72 per cent stake, over the dividend payment for the year.

DnB intends to defy the state's demands for a payment ratio equivalent to 50 per cent of net profit and analysts expect a 40 per cent payout ratio to be made. This will set in motion a confrontation between the two.

The clash will also set the tone for the outcome of the same dividend row between the state and Christiania Bank, the second biggest commercial bank, due to report results on February 22 and in which the state holds a 69 per cent stake.

Also due to report full-year figures on Valentine's Day is Kvaerner, the engineering, shipping and shipbuilding group. On Thursday Hafslund Nycomed will report figures weakened by sharper competition and price discounting for radiology imaging products.

OTHER COMPANIES

Petrochemicals surge should benefit BP

British Petroleum, one of last year's favoured recovery stocks, reports fourth quarter earnings tomorrow. Oil sector analysts are expecting replacement cost profits of £375m-£435m ($581m-$674m) against £315m in the fourth quarter of 1993. The forecast of sharply improved earnings is based mainly on the recent surge in petrochemical prices.

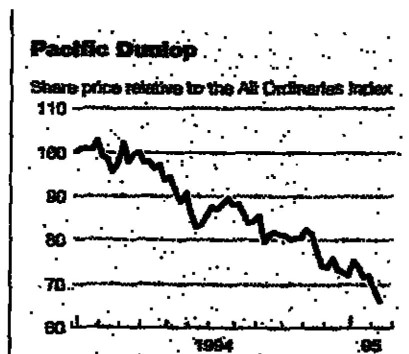
■ This week, Australia's corporate sector begins its interim results season in earnest. Commonwealth Bank, one of the country's four national banks, will kick off on Monday with analysts expecting profits for the half-year to end-December to be anywhere from A$410m to A$430m (US$324m), against A$312.5m last time.

Pacific Dunlop, reporting on Tuesday, will take a A$40m abnormal item in respect of its troubled pacemaker business, but is thought likely to post only a small operating profit gain as well.

On Wednesday, there could be happier news from Western Mining Corporation, which is expected to demonstrate the benefits of higher metals prices and could see profits of around A$120m. Other companies reporting include Burns Philp and Wesfarmers.

■ Reuters: The UK-based international financial information and news group, is expected tomorrow to report 1994 profits up about 15 per cent to between £505m and £515m ($798m), from the previous year's £440m. Some US brokers are even more bullish with forecasts up to £534m. Helped by the £350m share buy-back in 1993, earnings per share should rise faster still with a consensus forecast of around 21.5p, up by a fifth. Reuters is enjoying strong cashflow and brokers are predicting dividends of up to 8p, a rise of 23 per cent.

Pacific Dunlop



Source: Datastream

■ Hanson: The market is expecting a healthy underlying improvement, particularly from chemicals in the first-quarter figures from the UK conglomerate. Following the recent upbeat annual meeting, forecasts range from £220m to £277m ($429m), up from £173m, which was affected by the Peabody coal strike in the US. Excluding disposal gains, the figure is expected to be nearer £250m (£98m). The quarterly dividend is likely to be 3p (2.85p), the level prevailing since the second quarter of last year.

Companies in this issue

Together with Lehman Brothers, the investment bank will advise on privatisation

Kleinwort wins Taipower mandate

By Nicholas Denton in London and Laura Tyson in Taipei

Kleinwort Benson, the UK investment bank which reports its annual results this week, and Lehman Brothers of the US have won the mandate to advise on the privatisation of Taiwan Power Company.

Taipower, with assets worth $25bn (£16.1bn) and annual turnover of $7bn, is one of Taiwan's biggest companies; Kleinwort and Lehman have won one of east Asia's most hotly contested investment banking jobs.

They have also entered into an environment of political controversy over privatisation and particularly over the current sale of shares in state-owned China Steel.

The timing and strategy of the sale remain to be decided, and the Taiwanese authorities will separately choose global co-ordinators to a future international equity offering.

The appointment, none the less, sets in train the liberalisation of the Taiwanese electricity industry, which has been synonymous with Taipower, to private and foreign investment.

Kleinwort Benson and Lehman Brothers are also aware that advisers on strategy have often gone on to win the more lucrative roles in the transaction itself.

Lehman's bid for the advisory role, estimated at only $113,000, is believed to have undercut all others by a substantial margin.

Lehman Brothers emerged from a field including CS First Boston and Goldman Sachs, both of which were shortlisted, and Morgan Stanley, JP Morgan, Schroders, Paribas and Jardine Fleming.

Lehman, which has close local contacts through a joint venture in Taiwan, brought in Kleinwort to tap its experience of electricity privatisations.

Under the mandate, the advisers will work until May on a valuation of Taipower and on recommendations for the sector's structure. They will lay out the options of keeping Taipower vertically integrated, or creating independent distributors to ease the entry of new generators.

The Taiwanese government is separately inviting applications from independent power producers for an estimated three licences to build plants and sell electricity to Taipower. Foreign companies may bid through joint ventures in which they have less than a 30 per cent shareholding.

Expro resurrects float plans and expects £100m valuation

By Martin Brice

Expro Group, the UK supplier of oilfield services that was the subject of a management buy-out three years ago which left it heavily indebted, has resurrected its flotation plans.

A float involving a placing and public offering was first mooted last May and planned for last summer but did not see the light of day.

The proceeds of the share issue, which is expected to value Expro at more than £100m, would be used to pay off debt, the company said yesterday.

It had £58m of debt at the end of the 1993-94 financial year, much of it as a result of the £52.4m MBO from Flextech, the mainly media group.

Expro's net profit has increased despite operating in a low oil price environment. Net profit for the year to March 31 1994 was £4.47m (£3.1m), on turnover of £65.4m (£50.1m).

The group was established in 1973 and now employs 850 people. About 47 per cent of turnover is currently generated in the continental shelf off the UK, with the rest coming from overseas markets in continental Europe, Asia Pacific, the former Soviet Union, South America and the Middle East. About 20 per cent of turnover is related to gas exploration and production.

The float will be sponsored by Robert Fleming and brokers will be Cazenove.

Mr John Dawson, chief executive, said: "Our customers include most of the world's major oil and gas companies. We regard listing on the Stock Exchange as an important step in achieving our aim of growing the business, both organically and by acquisition."

Norwich Union's new business falls sharply

By Alison Smith

An increase in sales through independent financial advisers last year was not enough to make up for a sharp drop in UK business won by the direct sales force, according to figures from Norwich Union.

New regular premium life and pensions business totalled £105m, down 9 per cent on 1993. Single premium business fell 12 per cent to £706m.

Mr Philip Scott, life and pensions general manager, said regular premium business sold through independents rose 11 per cent, partly from the success of corporate pensions and protection-only policies.

Norwich had to take its direct sales force off the road for re-training last March. It then attracted a £300,000 fine from regulators for breakdowns in management control. The reduction in its sales force from 800 at the start of last year to 170 by August would have had an even more significant impact on new business.

Its network of tied agents – separate companies selling its products exclusively – was also halved. From July, it lost its link with Leeds Permanent Building Society, which provided about 8 per cent of its new business in 1993.

Handful of institutions control new issues

By Norma Cohen, Investments Correspondent

A handful of fund managers own a disproportionately large part of the new equities market, a new study shows.

The study, conducted by Citywatch, a share ownership research organisation, concludes that this has left small companies, who make up the bulk of new flotations each year, in the hands of relatively few institutional shareholders with relatively large stakes.

The average newly listed company has 20 or fewer institutional shareholders, the study found. In addition shareholders tend to "stockpick" among smaller companies to a far greater degree than they do large companies.

The research goes some way towards explaining why institutions have been more active in removing poorly performing managements at smaller companies than larger ones.

The study notes that larger companies have a diffuse shareholder base making collective action difficult. However, shareholders in smaller companies may effect change with the co-operation of only two or three other participants.

Clerical Medical, Fidelity, Fleming, PDFM and Schroder Investment Management emerged as the largest buyers among institutions of new issues in 1994. Those who are most underweight, relative to their holding of the UK equities market in general, are AMP Society, Barclays de Zoete Wedd Investment Management, Mercury Asset Management, Norwich Union, and Standard Life.

The study, which examined who bought shares in the 125 new companies which came to market in 1994, showed that 250 institutions bought shares in at least one company. However, of these, three floatations – BSkyB, 3i and Telewest – accounted for nearly half the market capitalisation of the new issues market.

However, of these 250 buyers, only eight had stakes in more than half, while 20 had shares in one third or more.

Second Chinese joint venture for Allied Domecq

By Peter Montagnon, Asia Editor, in London

Allied Domecq has established a joint venture with the Chinese government in the eastern city of Qingdao to produce brandy, whisky, gin, vodka and sparkling wines for the domestic market. Allied gave no financial details but said it was a strategic move to reinforce its presence in a country already estimated to account for 34 per cent of the world spirits market.

"Over 10 per cent of China's urban population of 350m people are now earning in excess of $1,000 a year, at which point, in evolving markets, the consumption of branded goods such as ours starts to take off", said Mr David Jarvis, head of Allied's spirits division.

This is Allied's second venture in China. In 1990 it bought a 40 per cent stake in Huadong Winery, in which its partner was Cerof, the Chinese government office controlling imports. But east Asia accounts for only 8 per cent of Allied's turnover in wines and spirits. Last year the group made a large push in Latin America with the acquisition of Domecq, the Spanish spirits group with extensive business in the region.

Mr Jarvis was reluctant to forecast how quickly Allied's sales in China would grow. "The building of brands such as Courvoisier and Balantine's is going well, but it is going to take a lot of shoe leather to achieve our ultimate goal."

General Cable ready for market

By Peter Pearse

General Cable, one of the largest UK cable communications groups, has relaunched its plans to float in the UK and US raising between £200m and £250m – having been forced to abort the exercise last May "in the light of market conditions".

Mr David Miller, finance director, would be no more precise on the timing of the float than "in the spring".

The group had made no secret of its desire to gain listings in London and on New York's Nasdaq. Mr Philippe Galteau, managing director, said General believed "the time is now appropriate". Since the pulled floats last year of cable companies General, Comcast and TeleWest, he has been making presentations in the City. "Bankers are starting to understand," he said then.

Mr Miller added yesterday that the market for cable stocks had picked up, and he ascribed this to the City's and other institutions' growing understanding of the industry.

He suggested that the flotation – to be conducted by Lazard Brothers and NatWest Markets – would value the group at between £600m and £700m.

General is involved in three cable markets in the UK and its franchises represent 1.6m homes. However, the group differs from its rivals in its emphasis on business telephony. General picks up residential cable and telephone work as it targets the business community. Mr Miller said the eastern end of the M4 corridor was particularly rich.

The flotation proceeds would help "finance the continuing development of General Cable's franchise operations. So far, Compagnie Générale des Eaux – the French group which owns 90 per cent and has effective economic control over 63 per cent of General – has invested some £250m in General's cable operations. However, Mr Miller said the amount was closer to £400m, taking in contributions from subsidiaries and associates.

Electrocomponents plans investment of further £35m

Electrocomponents, the electronic, electrical and mechanical components distribution group, has approved an additional £35m for the expansion programme at its RS Components offshoot.

A new warehouse is under construction at Nuneaton, Warwickshire, and the expansion is expected to create more than 400 jobs over the next four years.

The commitment, together with £5m already approved to meet growing volumes at the Corby plant in Northamptonshire, represents an investment of about £120m in Corby and Nuneaton.

N Electric holders expected to end limitation on stakes

By Chris Tighe

On Wednesday, at Newcastle's 2,000 seat capacity City Hall, hundreds of Northern Electric shareholders are expected to attend an extraordinary meeting called by the company, the regional electricity company for north-east England.

The meeting will consider just one resolution; that the Articles of Association which prevent any shareholder from holding a stake of 15 per cent or more be removed.

This limitation was imposed by the government on all recs when it privatised the electricity industry. If, as expected, the egm approves the change, which requires a 75 per cent acceptance, it will take effect after March 31, when the government's golden share expires.

The meeting was triggered by the hostile £1.2bn takeover bid for Northern by Trafalgar House. Despite this, the resolution has the support of Northern's board which has said it does not intent to frustrate the bid by relying on restrictions in its Articles.

By Wednesday, the Department of Trade & Industry may have said if it intends to refer the bid to the Monopolies and Mergers Commission, resulting in the bid's lapsing.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
National Australia Bank (Australia)	Michigan National (US)	Banking	£962m	Foreign buying wave continues
Union Carbide (US)/ Enichem (Italy)	Polimeri Europa (JV)	Chemicals	£263m	Needs EU approval
SBC Communications (US)	VTR Inversiones (Chile)	Telecoms	£203m	SBC's second LatAm stake
GE Capital (US)	United Merchants Finance (HK)	Financial services	£90m	Buying Jardine's half
The Economist (UK)	Journal of Commerce (US)	Publishing	£74m	Gaining extra US platform
BTR (UK)	Topps (Netherlands)	Aerospace	£16m	Growing sector activities
Kraft Jacobs Suchard (Switzerland)	Ukraine Chocolate (Ukraine)	Confectionery	£16m	A first for Ukraine
Hibernian Group (Ireland)	Hallmark Insurance (UK)	Insurance	£10.9m	Pearl disposal
Canada Life (Canada)	UK unit of ManuLife (Canada)	Insurance	n/a	More UK life rationalisation
Heineken (Netherlands)	Interbrew Italia (Italy)	Brewing	n/a	Buy from Belgians

AAH gets back most of its £3m

AAH, the pharmaceuticals distribution group, has recovered nearly all of an estimated £3m in stolen cheques mailed to the company, writes Motoko Rich.

The cheques were discovered missing by one of the company's credit controllers who found about 100 cheques had not been banked. AAH contacted customers to stop the cheques and send new ones.

Last week Mr Bill Revell, chief executive, said the theft appeared to involve the opening of dummy bank accounts in AAH's name.

The CID at Runcorn said it was continuing inquiries.

Mr Andrew Wallis, group finance director, said: "We will obviously be looking at all aspects of our operation to see where it went wrong."

Review at Fisons

Fisons, the pharmaceuticals, scientific instrument and distribution company, has confirmed that Mr Stuart Wallis, chief executive, is conducting a review of group operations. However it would not comment on reports that cost cuts of £100,000 were planned and that it was close to finding a buyer for its scientific instruments division.

COMPANIES AND FINANCE

Settlement more likely in UBS row with BK Vision

By Ian Rodger in Zurich

The conditions for a negotiated settlement in the bitter governance row between the directors of Union Bank of Switzerland and BK Vision, the bank's largest shareholder, appear finally to be improving following two developments.

First, the Zurich Commercial Court has said in a preliminary judgment that it was plausible that a large number of shares were voted illegally in the UBS board's favour at a share-holders' meeting last November.

The meeting was called to vote on the board's proposal to convert the registered shares into bearer shares, thereby eliminating their extra voting power, but without compensation.

BK Vision challenged the result of the meeting on a variety of grounds.

The court's opinion last week would seem to increase the chances that UBS would lose if the court case were pursued to its conclusion which, including an appeal to the Supreme Court, could take years.

Thus, it should also increase UBS directors' willingness to negotiate rather than have its capital structure paralysed for such a long time.

Martin Ebner: seeks significant changes

Second, the Swiss bank has, meanwhile, claimed that Rolex, the luxury watchmaker, acted in concert with BK Vision and the entire BZ financial group, which is led by Mr Martin Ebner.

This meant that Rolex's 1.1m registered shares were in excess of the 5 per cent the concert party would be allowed to vote under the bank's statutes.

On Wednesday, UBS notified Rolex that it had cancelled the registration of its shares.

The bank also said that it was investigating "one or two" other shareholders to determine if they too were in the alleged concert party.

This counter-attack could substantially reduce the number of votes that Mr Ebner could hope to attract to his causes at the forthcoming UBS annual general meeting in April.

It is also likely that Mr Ebner's other clients, like Rolex, would be extremely distressed to see their identities revealed, and will therefore put pressure on him to negotiate a settlement.

Rolex put out an angry statement last week denouncing the UBS board's actions, but it did not deny the charges. UBS claims to have strong evidence that Rolex worked together with the Ebner group in the preparation of its legal case against UBS.

For the moment, UBS is sticking to its position that it is ready to reduce the size of its board and to invite a BK representative to join it. But it will not back down from the share conversion motion passed last November.

Mr Ebner has said he would accept unification of the share structure, but only if all shares became registered shares and if significant changes were made to the board to increase its sensitivity to shareholder interests.

Fresh move in frozen foods feud

By Bernard Simon in Toronto

Mr Wallace McCain has suffered a setback in the long feud with his brother Harrison and other family members over control of the New Brunswick-based McCain frozen foods empire.

A New Brunswick court has endorsed last summer's action by Mr Harrison McCain and his supporters to oust Wallace as co-chief executive.

The judgment also confirms an arbitrator's decision that Wallace, who has a one-third stake in McCain, cannot force other shareholders to spin off part of the family-owned company to the public. Wallace contended that a public offering was the only way in which he could obtain an acceptable price for his shares.

Although Wallace may appeal, Harrison supporters are confident that the judgment removes an important legal obstacle towards resolving the family feud.

However, the future of Wallace's shareholding remains unclear. Wallace and Harrison have each offered to buy out the other, but have been unable to agree a deal. They founded McCain Foods in the late 1950s. Their relationship was soured in 1991 by a dispute over succession planning.

KOP-UBF may bid for Skopbank

By Hugh Carnegy in Stockholm

The Finnish banking group to be formed by the newly-announced merger of Kansallis-Osake-Pankki and Union Bank of Finland is already contemplating extending its powerful market position by bidding for Skopbank, a state-owned wholesale unit that was one of the chief casualties of the country's banking crisis.

Mr Vesa Vainio, who is to head the still unnamed new KOP-UBF combine, told the Finnish newspaper Turun Sanomat at the weekend there could be further "arrangements" in the banking sector and said he was interested in acquiring all or parts of Skopbank. "We are studying if it is possible to make an offer that would interest the seller," he said.

Skopbank, with total assets of less than FM32bn ($6.8bn), is only a fraction of the size of KOP and UBF, which together will have total assets of FM300bn, making the new group one of the biggest banks in the Nordic region. But swallowing Skopbank would further entrench the new bank's position.

Under the merger announced last week, the new group is already set to have 40 per cent of the private client market and 60 per cent of corporate business, making it an intimidating competitor for the co-operative Okobank and state-owned Postipankki, the other two remaining large retail banks.

The merger is the product of a lingering loan loss crisis which has left KOP and UBF in losses for the past four years. Skopbank acted as the central bank for the savings bank sector in Finland which was hardest hit by the problems. It fell under state control in 1991, with the government pumping in FM18bn in cash and other supports to keep it afloat.

The savings banks themselves received most of the rest of the FM40bn in total state support doled out to the banks before they were sold off in equal portions to KOP, UBF, Okobank and Postipankki.

Banesto to sell building unit

By Tom Burns in Madrid

Banco Espãnol de Crédito (Banesto), is to sell Agromán, one of the last remaining big industrial assets controlled by La Corporacion, the bank's holding company, to Ferrovial, a rival domestic builder.

Ferrovial, which is owned by some 40 shareholders and controlled by Mr Rafael del Pino, its founder, will become the third largest construction company in Spain, with an annual turnover of some Pta300bn ($2.29bn) following its acquisition of the Banesto unit.

Under the terms of the sale agreement, Banesto will first readjust Agromán's balance sheet through reducing its capital by Pta3.5bn and by injecting fresh funds of Pta12.8bn in a rights issue which will be wholly subscribed by La Corporacion.

The rights issue is designed to raise La Corporacion's share in the company from 55 per cent to around 95 per cent.

Agromán, which trades on the Madrid stock market, posted losses of Pta19bn last year.

Heavily indebted, and strongly damaged by the shrinking construction market during the domestic recession, the company had become a considerable burden on Banesto and on its industrial holding company.

Prior to Agromán's sale to Ferrovial, La Corporacion will segregate the construction company's real estate division and also a telecommunications company that it controls called Radiotronica.

Ownership of these two businesses will be transferred to Agapsa, a portfolio company wholly-owned by La Corporacion.

Ferrovial will then make a public share offer valued at Pta2bn to acquire Agromán's construction business.

Banesto's disposal is in line with the sale of other units from La Corporacion under a disinvestment policy that followed the acquisition of the bank by Banco de Santander in April last year.

Luxembourg bank lifts net earnings

By Emma Tucker in Brussels

Banque Générale du Luxembourg increased its net profit by 9.2 per cent to LFr2.7bn ($86m) last year, compared with 1993.

However, the group, one of Luxembourg's biggest banks, said that because of extremely difficult market conditions, the net profit on financial operations was down from the 1993 level.

Its balance sheet at the end of the year totalled LFr784.2bn, up 5.6 per cent from the previous year. Banque Générale customer deposits were also up at LFr541bn.

Kone raises profits despite lower sales

By Christopher Brown-Humes in Stockholm

Kone, the Finnish lifts group, increased profits after financial items by 22 per cent to FM403m ($86m) in 1994.

It relied on a sharp cut in financing costs and increased maintenance business to offset a poor market for new elevators.

Sales fell from FM10.8bn to FM7.7bn but, adjusted for the stronger markka and the sale of non-core operations, the figure was broadly unchanged.

A drop in operating profits to FM441m from FM464m was more than offset by a FM100m cut in net financial expenses to FM38m from FM136m.

During 1994, Kone tightened its focus on its core elevators business, which now accounts for 97 per cent of turnover. It sold three units, including Kone Cranes and Kone Wood, while strengthening its position in North America by buying Montgomery Elevator, the fourth largest lifts group in the US, for $280m.

The Montgomery purchase will lift North America's share of Kone's sales from 10 per cent to 30 per cent, while cutting Europe's share from 75 per cent to 60 per cent.

This is important strategically for Kone at a time when new elevators business in Europe has proved particularly hard to build up. Even though European demand bottomed last year, the company is not expecting any significant growth. In North America, by contrast, elevator demand is rising.

The group, the world's third largest lifts company, is also relying on steady growth in its maintenance and modernisation business to counter the new business trend. The company has 415,000 elevators under maintenance, compared with 354,000 at the start of the year.

The year-end order book totalled FM5.9bn, including FM1.1bn from Montgomery. New orders rose in North America and Australia, but fell heavily in Scandinavia and slightly in the Far East.

An unchanged dividend of FM9 an A share and FM10 a B share is proposed.

Indian Oil Corporation loan tightly priced

By Martin Brice

The state-owned Indian Oil Corporation has borrowed money at a price which suggests international banks remain keen to lend to India in spite of the difficulties experienced by another emerging market, Mexico.

The IOC has raised $125m via an 180-day loan at 25 basis points over the London inter-bank offered rate (Libor). Including other fees, the all-in-yield to international banks for lending to the IOC is 33 basis points over Libor.

This is the lowest price paid by an Indian borrower since the country's financial crisis in 1991. Mr Christopher Vermont, director of ANZ International Banking, which arranged the loan, said: "There is now a segregation of appetite among banks, and countries like India are benefiting from this. It is now getting to the point where there is not a large return for an emerging market credit, but there is a shortage of assets around the world and banks have come into India very aggressively."

ANZ has arranged eight loans since February 1991 for the IOC. The all-in-yield on loans paid by the IOC has fallen from around 250 basis points over Libor in 1991, to 55 over at the beginning of last year and to 35 late last year. It borrows money to pay for the cost of oil imports.

This drop in pricing is similar to that experienced by western borrowers, which have seen margins fall by up to 50 per cent in the past year. The decline has been driven by increased competition for assets among international banks while corporate borrowers have remained wary of increasing debt.

Directors of Norwegian ferry line offer to resign

By Karen Fossli in Oslo

The board of Larvik Scandi Line, a small Norwegian ferry operator, has offered to resign because a major shareholder has rejected a proposal for the company to merge with Color Line, a large Norwegian ferry operator.

A merger plan was agreed by the chairmen of the two ferry operators earlier this month.

Mr Nils Olav Sunde, who controls a 44 per cent shareholding in Larvik Scandi Line, said he opposed the merger and would attempt to block it at an extraordinary general meeting on February 21.

If Mr Sunde increases his stake in the company to more than 45 per cent, he will be obliged to make an offer for the remainder. The board encouraged Mr Sunde to make an offer to remaining shareholders, but this was rejected.

Mr Gerhard Heiberg, chairman of Larvik Scandi's board, said the meeting will be offered the chance to elect a new board and Mr Sunde is widely expected to seek a seat.

Last week, Color Line reported record pre-tax profits of NKr207m ($31m) for 1994 against NKr67m a year earlier and proposed a dividend of NKr1.50 a share after passing the payout in 1993.

"For the first time in the company's four-year history, operations have provided a good return on invested capital," said Color Line's managing director, Mr Jan Erik Nygaard. "I have no hesitation in proclaiming the year 1994 as a breakthrough for the company," he added.

Color Line's sales advanced to NKr2.1bn from NKr1.81bn helped by rises of 12 per cent in passenger traffic and 15 per cent in freight traffic.

FINANCIAL TIMES

MARKETS

THIS WEEK

Global Investor / John Plender

Historical parallels taken too far

Latin America has always exerted a mesmeric attraction for foreign investors. Great tidal waves of capital have flowed in and out from the 16th century onwards. Hence the strong sense of *déjà vu* over Mexico's latest troubles.

Yet historical parallels should not be taken too far. The fact that the last rescue package for Mexico in August 1982 happened to coincide with the start of a long bull market in US equities and bonds has encouraged cheery optimists to argue that the latest rescue could prompt a similar upsurge thanks to the injection of liquidity into the system. It is an engaging hypothesis, but hopelessly wrong-headed.

For a start, the US in 1982 was suffering from an overvalued dollar, sky-high interest rates and financial instability. Penn Square and Drysdale Securities had just collapsed; International Harvester was in trouble. The dividend yield on the Dow Jones Industrial Average, at well over 7 per cent, was more than two and a half times its present level. Earnings yields on Wall Street were close to a post-war peak.

Part of the Fed's response to the Mexican crisis was to cut the discount rate from 11 to 10.5 per cent. Compare and contrast with the recent rise from 4.75 to 5.25 per cent. The Bank of England was simultaneously paving the way for the long disinflationary bull market in bonds by issuing its first index-linked stock – with hindsight, one of the great buying signals in history for fixed interest securities.

Today almost everything is the other way around. After a period in which interest rates were held down to permit the banking system to recapitalise itself, monetary policy is being tightened. The assumption in the futures markets is that this process has some way to go, with short-term dollar rates peaking at just under 8 per cent in 18 months' time. The dollar, meantime, has been weak beyond most forecasters' worst expectations.

The one clear parallel is the flight to quality from anything Latin American. In 1982 US government bonds were the chief beneficiary. To some extent they may be today, yields having risen to more enticing levels after the crash in 1994, although money funds and bank deposits offer strengthening competition for funds. As the charts imply, both the US equity boom and the surge in US portfolio outflows coincided with the period of loose monetary policy. The flow of institutional and mutual fund money into equities looks to have peaked. If equities are seeing benefit from the Mexican evacuation, the parallel with 1982 suggests that these investors have a strong appetite for risk.

All this would look remarkably familiar to 19th century investors, who were well conditioned to periodic bubbles. Just as the emerging market phenomenon of the 1990s was helped by the collapse of communism and the liberalisation of markets, the 1825 Latin American lending bubble was spurred by the end of Spanish colonial rule. Debt conversion, bringing lower yields on government bonds, spurred 19th century investors to pursue high yields overseas regardless of risk, much as US depositors looked overseas as nominal returns in the banking system declined in the 1990s.

The "eldorado effect" is particularly striking in the index numbers. The International Finance Corporation's index for Latin America rose 457 per cent between end 1985 and the end of 1994. Its Asian index grew by a mere 147 per cent over the same period. Yet Asia suffers much less from the current account deficits and low savings problems of the Latin Americans, and more of its inflows have taken the shape of stable direct investment by foreign multinationals.

Is Latin America condemned to a perpetual cycle of boom and bust? For the first time in a long while it is possible to see a brighter future for the region, based not on natural resource-based wealth but on its industrial capacity. Starting with Chile, which turned a corner 15 years ago, Latin American countries have been addressing their fiscal and monetary problems, while liberalising the supply side of their economies. The most telling statistic about Mexico is that it now derives about 80 per cent of its export revenues from manufacturing. Comparative advantage derives increasingly from the labour force instead of oil.

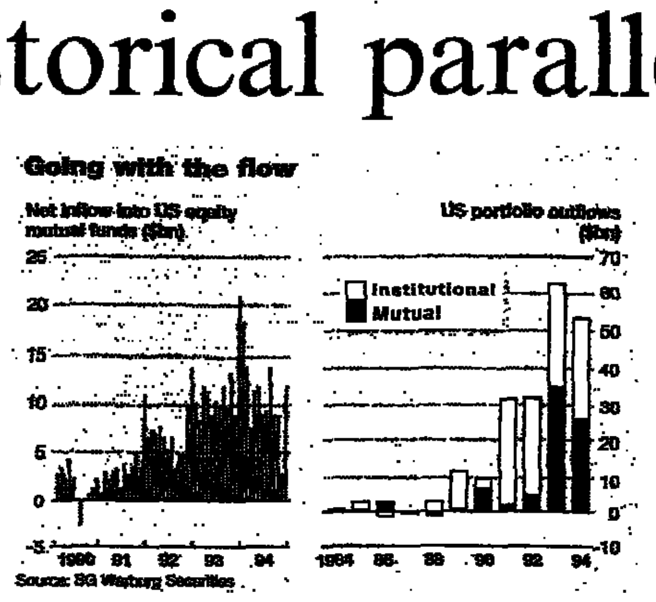
If Mexico can overcome the political strains that will inevitably come from adherence to an IMF programme – no small matter on top of the Chiapas rebellion – and if the wages pact with the unions holds, prospects for a long-term, post-devaluation boom within the new NAFTA framework are good. If others in the region manage to stick to liberal policy, the benefits will ultimately show through.

Perhaps a more difficult question concerns the possibility that the US will generate further bubbles in both foreign and domestic markets. US investors' urge to buy $27.5bn of emerging market equities between 1990 and the first half of 1994, compared with only $1.2bn in the previous 10 years, partly reflected the new fashion for diversification. But it was more a speculative spillover from the loose monetary policy that was required to deal with the problems of the banks.

The US banking system is uniquely prone to moral hazard as a result of excessively generous deposit insurance and a "too-big-to-fail" doctrine for dealing with troubled banks. The urge to extend safety nets to all-comers has now been extended to foreign bond fund investors on the implausible argument that a Mexican default would have threatened the whole US financial system.

What better way could there be to encourage fiscal profligacy and more trouble in banking with sovereign borrowers. If Latin America has turned the corner – a big but not impossible "if" – the US banking system remains uncomfortably flawed.

Going with the flow



Source: SG Warburg Securities

Total return in local currency to 9/2/95

	% change over period: US	Japan	Germany	France	Italy	UK
Cash						
Week	0.12	0.04	0.09	0.10	0.16	0.13
Month	0.49	0.19	0.42	0.47	0.71	0.51
Year	4.08	2.13	5.36	5.79	7.88	5.19
Bonds 3-5 year						
Week	0.60	0.41	0.44	0.71	0.88	0.41
Month	1.88	0.93	1.55	2.08	2.59	0.93
Year	-0.83	1.26	1.60	0.45	0.87	0.15
Bonds 7-10 year						
Week	0.79	0.48	0.79	1.17	1.03	0.83
Month	2.38	0.74	2.86	3.08	3.39	2.17
Year	-3.26	-0.93	-2.12	-5.19	-7.49	-8.57
Equities						
Week	1.7	-3.0	+3.1	+3.3	+2.3	+2.2
Month	4.6	-7.8	+1.8	+1.1	+10.1	+1.6
Year	5.4	-11.0	-1.1	-15.8	+4.6	-6.9

Source: Cash & Bonds - Lehman Brothers. Equities-© NatWest Securities. The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

COMMODITIES — Kenneth Gooding

Hammering out zinc charges

Serious negotiations between zinc miners and smelters about the charges smelters will make in the coming year will begin next weekend when the world zinc industry meets in Fort Lauderdale, Florida, for the American Zinc Association's annual four-day conference.

Contact between the factions so far has left them far apart about contract treatment charges. Analysts suggest that for the past three years it has been quite clear which of the negotiating parties has had the upper hand. But in 1995 the market situation is "murky" so talks could drag on for some weeks, possibly until May.

The arguments centre on whether there will be more zinc concentrate available this year than in 1994. This intermediate material is produced by the mines and sent to the smelters for processing. When it is in good supply, the smelters can raise their charges. When supply is tight, they lower their charges to attract enough material to keep their capital-intensive operations working at a high level.

Smelter operators insist that the zinc concentrate market will ease this year as the start-up of new mines and the re-opening of those closed in the recession will lift output by about 6 to 7 per cent. The miners say the new supply will not arrive until the second half of this year, and increasing smelter production in Europe and Japan will soak up all increases in mine output.

MIM, the Australian mining group, contributed to the debate when it said it would not be able to meet zinc concentrate contracts fully this year because of production problems at its Mount Isa mine. However, it denied market rumours that it would be as much as 35 per cent short of meeting scheduled deliveries.

These negotiations seldom have direct impact on London Metal Exchange zinc prices. Even so, when LME prices are relatively low and smelter treatment charges relatively high, miners almost invariably cut back production until supplies are tight enough to drive exchange prices up again.

Economics Notebook

Bit-part players take centre stage

There is no denying the phenomenon of aid fatigue. The Development Assistance Committee of the Organisation for Economic Co-operation and Development reported last week that official development finance fell between 1992 and 1993.

The World Bank, which might be expected to be a fund of "good news" stories because of its vocation of combating poverty, is instead under perpetual siege from a host of critics.

Aid budgets in industrialised countries are under constant pressure as governments pare their fiscal deficits. The German aid budget appears to be the latest facing cuts.

Stories of corruption, waste and inefficiency have added to the political unpopularity of aid in the industrialised democracies in recent years. At the same time, the flow of private sector capital in the form of direct or portfolio investment to a small number of fast growing emerging market nations has offered a more dynamic, market-based path to development.

And yet the problems that aid is intended to tackle persist. The World Bank says that more than one billion people live in poverty, many of them in Africa and nearly half in south Asia.

Against this mixed background of disenchantment and need, new actors are playing a bigger role in the aid business. In particular, non-governmental organisations (NGOs) are becoming increasingly important as channels for aid.

NGOs are a growth industry. The Commission on Global Governance, a high level lobbying group pushing for global institutional reform, reported last month that the number of international NGOs, defined as those active in at least three countries, soared from a few hundred to nearly 29,000 in the 30 years to 1993. A few are tiresome, know-it-all bodies that seem more interested in publicising themselves than contributing to the welfare of the planet. But many have a great deal to offer official aid agencies.

They can complement the resources of official bodies by contributing specialist knowledge, specific skills, enthusiasm and a non-bureaucratic approach. They can get closer to aid recipients than huge organisations such as the World Bank or the aid agencies of the industrialised countries. This is especially true of the specialist, niche organisations that have become more numerous in the development field in recent years.

Two British charities, Opportunity Trust of Oxford and Homeless International of Coventry, are examples of this trend. Both have developed techniques for making small loans available to people in developing countries who would otherwise have no access to credit.

Through local boards, Opportunity Trust supplies loans that might be as small as £10, but are usually between £200 and £400, to local businesspeople in developing nations such as El Salvador and India, and in former communist states such as Bulgaria and Russia.

Homeless International, a niche charity in the UK housing and construction sector, recently launched a guarantee fund to enable 2,500 families in Indian states of Andhra Pradesh and Gujarat to borrow roughly £200 each from a local mortgage supplier for housing construction.

In both cases, borrowers are charged market-related interest rates. A system of peer group pressure in the communities where the borrowers live has ensured that the loans are serviced and repaid promptly. Both charities provide a service that would be on too small a scale for a large international or national aid agency. Both receive funds from the UK government's Overseas Development Administration.

According to the World Bank, official aid agencies channeled about $2.5bn through NGOs to developing countries in 1992. This was on top of the $5.9bn of grants supplied by the NGOs themselves. Official finance therefore accounted for about 30 per cent of NGO budgets, a twentyfold increase on the 1.5 per cent share recorded in 1970.

Although many individual NGOs are small, their overall contribution to development is growing. Last week's report from the OECD's Development Assistance Committee pointed to a steady increase in total grants to developing nations by NGOs over the past decade. The illustration shows how in 1993 the total sum of grants provided to developing countries by NGOs was nearly as much as the aid provided by Germany and twice that supplied by Italy or Britain.

The NGO contribution, when expressed as a percentage of official development finance, rose from 6.6 per cent in 1985 to 9.2 per cent in 1993.

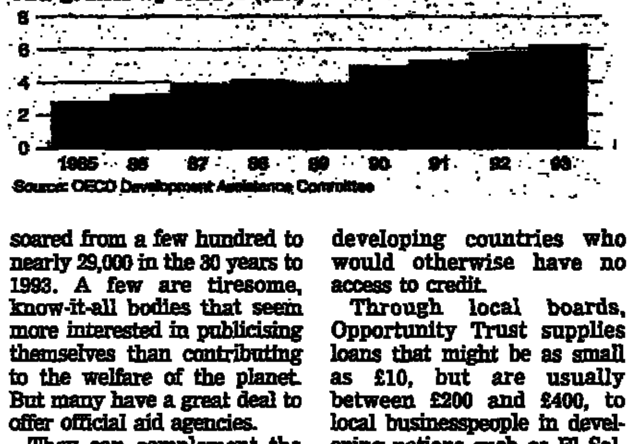
Admittedly, direct foreign investment and bond market borrowings have been far more important for developing countries as a whole than official aid or NGO grants over the past 10 years. Private flows, excluding NGO grants, increased to $87.6bn in 1993 from $27.2bn in 1985.

But these flows have been concentrated in only a score of countries. There is now the possibility that private sector flows will decline and become even more selective in the wake of the Mexican crisis.

In that case, the role of NGOs in providing finance for the developing world is likely to be even more important than it is at present.

Peter Norman

Top 10 aid suppliers, 1993 ($bn)



Source: OECD Development Assistance Committee

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY FEBRUARY 10 1995: US Dollar Index	%chg since 30/12/94	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 30/12/94	Gross Div. Yield	THURSDAY FEBRUARY 9 1995: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (68)	159.93	-6.6	151.91	100.01	126.72	142.64	-8.1	4.05	158.71	151.25	99.17	126.17	141.79	181.76	157.95	181.38
Austria (18)	169.00	-7.5	160.53	105.98	133.91	133.72	-9.2	1.21	169.15	161.20	105.70	134.47	134.46	198.89	167.46	187.87
Belgium (35)	169.16	0.4	160.68	105.78	134.04	130.89	-1.0	4.22	167.76	159.86	104.83	133.36	130.11	177.04	161.59	165.58
Brazil (28)	128.94	-21.0	122.48	80.63	102.16	196.29	-22.1	1.31	132.20	125.96	82.61	105.09	202.82	-	-	-
Canada (103)	126.49	-2.2	120.16	79.10	100.23	128.43	-2.3	2.72	127.01	121.04	79.36	100.97	128.85	141.01	120.54	136.96
Denmark (33)	258.46	2.6	245.61	161.62	204.79	210.97	1.2	1.50	256.25	244.21	160.12	203.71	209.81	275.27	235.61	265.88
Finland (24)	187.97	1.1	178.55	117.54	148.94	184.90	0.0	0.75	186.96	178.15	116.81	148.60	185.21	201.41	133.88	149.84
France (101)	165.29	1.1	157.01	103.36	130.97	136.81	-0.1	3.14	164.85	157.11	103.01	131.05	136.87	181.44	157.79	179.06
Germany (58)	145.89	3.0	138.59	91.23	115.60	115.60	1.3	1.80	144.30	137.52	90.17	114.71	114.71	150.40	128.94	131.35
Hong Kong (56)	323.03	-0.9	306.85	202.00	255.96	320.68	-1.0	3.92	324.92	309.66	203.04	258.31	322.52	464.98	277.40	464.88
Ireland (16)	212.46	3.0	201.82	132.86	168.35	193.12	2.6	3.30	212.12	202.15	132.56	168.63	192.75	216.80	177.56	192.99
Italy (58)	81.37	8.6	77.30	50.89	64.48	98.08	8.0	1.59	81.88	78.03	51.17	65.09	98.94	97.78	67.25	77.08
Japan (484)	144.51	-7.9	137.27	90.37	114.51	90.37	-8.7	0.84	143.07	136.34	89.40	113.73	89.40	170.10	139.45	148.73
Malaysia (97)	485.82	1.4	461.48	303.80	384.96	476.84	1.1	1.77	477.33	454.90	298.27	379.46	468.41	594.76	398.16	507.22
Mexico (18)	1058.93	-25.2	1005.87	662.17	839.05	6489.38	-14.9	1.67	1050.35	1000.99	656.34	834.98	6390.83	2632.57	964.79	2632.57
Netherland (19)	221.89	2.0	210.77	138.75	175.82	172.99	0.4	3.34	220.44	210.08	137.75	175.25	172.44	223.30	191.28	203.57
New Zealand (14)	72.27	2.6	68.65	45.19	57.27	60.50	3.5	4.84	72.45	69.05	45.27	57.60	60.80	77.20	62.05	74.81
Norway (23)	215.28	1.0	204.50	134.62	170.58	194.90	-0.4	1.77	213.94	203.88	133.68	170.07	194.28	216.03	177.53	196.07
Singapore (44)	343.32	-8.0	326.12	214.69	272.04	229.30	-8.3	1.86	344.62	328.43	215.35	273.97	230.91	401.38	294.68	353.39
South Africa (58)	303.72	-9.5	288.50	189.92	240.66	263.55	-12.1	2.53	302.39	288.18	188.96	240.39	264.71	342.00	205.55	248.77
Spain (38)	134.77	2.1	128.02	84.27	106.79	133.98	1.8	4.24	134.08	127.78	83.78	106.59	133.86	150.62	124.57	150.21
Sweden (48)	245.38	5.2	233.09	153.44	194.43	269.33	4.9	1.51	244.10	232.63	152.54	194.06	269.63	245.38	198.70	214.91
Switzerland (47)	167.82	1.6	159.41	104.94	132.97	133.91	-0.1	1.82	166.96	159.12	104.33	132.73	133.87	169.42	149.91	164.61
Thailand (46)	151.81	-4.0	144.21	94.93	120.29	147.66	-4.2	2.76	152.97	145.78	95.59	121.61	148.84	-	-	-
United Kingdom (204)	196.71	1.0	186.86	123.01	155.87	186.86	1.2	4.15	195.40	186.21	122.10	155.34	186.21	206.93	181.11	203.96
USA (512)	197.26	6.1	187.37	123.35	156.30	197.26	5.1	2.85	196.84	187.59	123.00	156.46	196.84	197.31	178.96	190.83
Americas (862)	181.09	4.0	172.01	113.24	143.48	151.81	4.1	2.81	180.79	172.29	112.97	143.72	151.58	-	-	-
Europe (720)	172.11	1.9	163.48	107.62	136.37	152.36	1.1	3.06	171.12	163.08	106.93	136.04	152.01	176.01	160.59	171.34
Nordic (128)	234.21	4.3	222.47	146.45	185.58	218.20	3.6	1.41	232.81	221.86	145.47	185.07	218.10	234.21	197.70	209.52
Pacific Basin (809)	152.51	-7.2	144.87	95.37	120.84	98.61	-7.7	1.22	151.15	144.05	94.45	120.16	98.68	178.88	145.93	161.05
Euro-Pacific (1529)	160.58	-3.4	152.63	100.41	127.24	119.94	-4.0	2.04	159.38	151.89	99.59	126.70	119.20	175.14	154.73	165.18
North America (616)	192.87	4.7	183.21	120.61	152.83	192.59	4.7	2.84	192.52	183.47	120.30	153.04	192.21	192.95	175.67	187.29
Europe Ex. UK (516)	154.96	2.4	147.19	96.90	122.78	131.86	1.1	2.44	154.16	146.92	96.33	122.55	131.67	158.12	144.12	150.46
Pacific Ex. Japan (325)	231.21	-3.0	219.62	144.58	183.20	204.48	-1.9	3.28	230.52	219.68	144.05	183.26	203.98	279.49	211.19	279.37
World Ex. US (1737)	160.99	-3.8	152.92	100.67	127.56	122.95	-4.3	2.06	159.87	152.36	99.90	127.09	122.25	176.65	155.42	167.01
World Ex. UK (2046)	169.41	-0.9	160.93	105.94	134.24	141.07	-1.3	2.16	168.57	160.65	105.33	134.00	140.44	178.59	163.46	170.96
World Ex. Japan (1766)	188.00	2.4	178.58	117.56	148.96	178.63	2.2	2.93	187.38	178.57	117.09	148.96	178.26	182.00	178.34	188.96
The World Index (2250)	171.81	-0.7	163.20	107.44	136.14	145.15	-1.1	2.36	170.93	162.89	106.81	135.68	144.52	180.80	165.92	173.86

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.48 (Pound Sterling) and 123.22 (Local); Brazil, Thailand and Americas: Oct 31, 1994 = 180.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local). Constituent change during the week ending 10/2/95: Deletion: Portals Group (UK).

EMERGING MARKETS: This Week

The Emerging Investor / Laura Tyson

Sudden changes unlikely in Taiwan

The recent relaxation of barriers to foreign investment in the share market by the Taiwanese authorities are symbolically important but are unlikely to result in an influx of overseas funds in the near term, foreign brokers say.

The country's central bank and securities regulators late last week raised the ceilings on the amount of funds which foreigners may remit into Taiwan to invest in listed stocks.

An absolute limit of $10bn, made up of $7.5bn for Taiwan-listed shares and $2.5bn for offshore country funds, was replaced by a ceiling of 12 per cent of total market capitalisation.

"Despite some new restrictions regarding capital usage, the moves were still better than expected," said Mr Ben Chen, managing director of the Taiwan office of Barclays de Zoete Wedd. "It is an indication that the government is changing its attitude and trying to build a more international profile for Taiwan."

A cap of 5 per cent on the maximum holdings of any one foreign investor in an individual company's shares was raised to 6 per cent, and the limit on aggregate foreign holdings in a company was lifted from 10 per cent to 12 per cent.

For the first time these new ceilings include holdings in Taiwan funds traded offshore. Based on year-end figures, the theoretical new ceiling on foreign investments, including those in offshore funds, would be nearly $30bn. However brokers are quick to caution that actual foreign investment – now about $6bn – will not approach that level in the near future.

The ministry of finance has been embroiled in a long standing confrontation with the conservative central bank over the pace and scope of opening the domestic stock market to foreign investment.

The changes represent a hard-fought victory, albeit with a few strings attached, for Mr Day Linin, who last week was promoted to vice finance minister after nearly two years as chairman of the securities and exchange commission.

One of the chief motives behind the liberalisation is to get Taiwan listed in global equity market indices, especially Morgan Stanley's world stockmarket index.

It has been a source of some chagrin to securities regulators that Taiwan, one of the region's biggest and deepest markets, figures but faintly on the global investors' map.

With the new 12 per cent ceiling, Taiwan is now on a par with Korea in terms of foreign access. Before it was possibly the most restrictive market in the region, securities analysts note.

"This is all part of the process of slow, incremental change which will inevitably lead to greater foreign participation in this market," said a broker from a Hong Kong-based securities house.

On paper, the measures are perhaps the most significant since Taiwan opened its domestic stock market to direct foreign institutional investment in 1991.

However some Taipei-based foreign brokers are disappointed by the liberalisation package. They say that the overall ceiling is purely notional, as the central bank closely controls capital flows.

Some brokers contend that the changes amount to one step forward, two steps back. While some curbs on foreign investment were loosened, others were tightened and new ones introduced.

For instance, the central bank shortened the window from six months to four months during which foreign investors may remit funds into the country following approval.

Another new regulation stipulates that foreign fund managers must remit and invest 75 per cent of the approved funds in equities within three months of approval.

If a minimum investment ratio of 75 per cent is not maintained, the foreign fund manager will be required to deposit the difference in uninvested funds in a non-interest-bearing account at the central bank. A maximum of 10 per cent of the funds may be placed in high-yielding money-market instruments.

"In and of themselves the measures won't change anything," said Mr Jonathan Ross, country manager of HG Asia Securities Taiwan. "It is still completely up to the central bank when and how much foreign funds can come in and out of the country."

Of nearly 300 listed companies, there are probably fewer than forty in which most foreign institutions would consider investing. They are chiefly blue-chip companies with relatively low price-earnings ratios.

Brokers also point out that financial shares comprise more then a third of market capitalisation, and the sector trades on a pricey p/e above 40. Many smaller companies or those the shares of which are subject to speculation are likewise unattractive to foreign investors.

Alongside South Korea, Taiwan remains one of the more restricted equity markets. Only approved foreign institutions are allowed to invest directly in local shares. Foreign individuals are banned.

Each institution is restricted to a maximum investment quota of $200m. Remittance and repatriation of funds is subject to the discretion of the central bank, which is concerned that foreign investment may disrupt monetary stability.

The central bank has promised to speed up the pace of approvals. But some of the applications pending at the central bank, totalling perhaps $5bn, may be changed.

"Partly due to factors such as higher interest rates overseas, the attractiveness of this market has waned somewhat," said a broker at a UK securities firm. "They've moved too slowly. People who wanted to get into this market a year ago are no longer so interested."

However other brokers disagreed, saying that once Taiwan was weighted in international equity indices, there would be more demand for exposure to Taiwan among fund managers seeking to meet allocation targets.

Ten best performing stocks

Stock	Country	Friday 10/2/94	Week on week change $	%
Renong Berhard	Malaysia	1.3207	0.1827	16.31
Hong Leong Credit	Malaysia	4.6302	0.6357	15.91
Finance One	Thailand	5.9856	0.7981	15.38
Tatung	Taiwan	2.2233	0.2835	14.61
Erciyes Biracilik	Turkey	0.7290	0.0894	13.98
Bank of Ayundhya	Thailand	4.3097	0.5188	13.68
First Philippine Holdings	Philippines	3.0647	0.3629	13.33
Brisa	Turkey	0.1555	0.0178	12.90
First Philippine Holding	Philippines	0.3347	0.0363	12.16
Malaysian Int. Shipping	Malaysia	2.6979	0.2794	11.60

Source: Baring Securities

News round-up

■ Vietnam

Vietnam plans to launch a capital markets authority, establish a pilot stock market and issue bonds overseas in an effort to attract foreign capital, *Reuter reports.*

Mr Cao Si Kiem, the state bank governor, said the government was concentrating on the modernisation and reform of the financial and banking system.

Economic targets this year are economic growth of 9 to 10 per cent, after 8.8 per cent in 1994, and a reduction in inflation, from 14.4 per cent last year, to single figures.

The country is also seeking $40bn to $50bn in funds by the year 2000, half of it in foreign investment, aid and loans.

The capital markets regulatory body, the National Securities Board, is to be set up in the first half of this year. The Board wil establish the country's first stock market, and preliminary transactions are expected in late 1995 or early 1996 in shares of companies designated by the government and those going private. Only three state-owned companies have so far sold off shares, mostly to employees.

■ Sao Paulo

A US broker has said that Brazil could receive up to $5bn in foreign investment in the second half of 1995 if the government succeeded in getting its charter reform proposals approved by congress.

Congressional debates over President Fernando Henrique Cardoso's charter reform proposals will begin on Thursday.

Merrill Lynch said that constitutional reform, including a restructuring of the country's fiscal system, was seen as key to restoring confidence.

● The government plans to sell more than a dozen state-run companies in the first half of the year, including Escelsa and 14 petrochemical companies. However, doubts surfaced last week as to whether Telebras, the state telecommunications company, would appear on the list as it was downgraded by a number of US brokers last week.

■ Moscow

The new head of Russia's State Property Committee, Mr Sergei Belyaev, has said that he plans to continue the government's reform programme.

His comments appeared to underline the view that the privatisation process will continue following the recent dismissal of Mr Vladimir Polevanov, deputy prime minister and head of the privatisation committee, by President Boris Yeltsin.

Mr Belyaev led the Federal Bankruptcy Agency before his appointment last Wednesday.

● Russia's capital markets watchdog is to investigate share registers to improve standards. Mr Dmitry Vasilyev, deputy chairman of the government commission on stock markets, has been ordered to conduct an investigation of all share registers by May 1.

The commission is also working to create an independent central registrar which will have up to 15 branches in the largest equity trading centres across Russia, such as Moscow, St Petersburg, Novosibirsk, Yekaterinburg and Vladivostok.

The central registrar, which will be able to handle at least 5m shareholders representing 90 to 100 large Russian enterprises, will be capitalised at between $8m and $10m.

● On Wednesday the central bank of Russia plans to offer the largest issue of 3-month treasury bills since auctions began in May 1993. The central bank, which auctions T-bills on behalf of the Ministry of Finance, said it will sell Rbs2.8 trillion in 3-month bills.

● *Edited by John Pitt. Further coverage of emerging markets appears daily on the World Stock Markets page.*

Baring Securities emerging markets indices

Index	10/2/95	Week on week movement Actual	Percent	Month on month movement Actual	Percent	Year to date movement Actual	Percent
World (301)	139.63	-3.00	-2.10	-2.89	-2.03	-18.40	-11.64
Latin America							
Argentina (20)	79.07	-3.73	-4.51	-2.22	-2.74	-7.04	-8.17
Brazil (21)	168.46	-21.92	-11.52	-8.87	-5.00	-40.92	-19.54
Chile (12)	197.04	-8.44	-4.11	-3.63	-1.81	-14.53	-6.87
Mexico (25)	71.40	-3.06	-4.10	-4.77	-6.26	-26.22	-28.86
Peru(16)	645.12	-64.66	-9.11	-119.45	-15.26	+203.55	-23.98
Latin America (94)	112.39	-8.77	-7.24	-5.91	-4.99	-26.38	-19.01
Europe							
Greece (16)	83.26	-0.13	-0.15	-4.23	-4.84	-3.73	-4.29
Portugal (18)	116.04	+0.89	+0.78	-2.05	-1.74	-0.24	-0.20
Turkey (21)	70.09	+2.00	+2.94	-2.75	-3.77	-6.02	-7.91
Europe (55)	94.37	+0.84	+0.90	-3.25	-3.33	-3.33	-3.41
Asia							
Indonesia (26)	130.03	+2.83	+2.22	-4.18	-3.11	-3.65	-2.73
Korea (23)	126.58	+0.96	+0.76	-2.30	-1.79	-13.31	-9.51
Malaysia (23)	215.10	+10.15	+4.95	+16.57	+8.35	+4.25	+2.01
Pakistan (11)	95.48	7.11	+8.04	-9.06	-8.67	-10.72	-10.09
Philippines (12)	265.86	+12.43	+4.90	-1.32	-0.50	-16.27	-5.77
Thailand (25)	244.61	+5.97	+2.50	-0.06	-0.02	-7.03	-2.79
Taiwan (32)	167.89	+4.70	+2.88	-7.68	-4.37	-16.26	-8.83
Asia (152)	203.38	+6.83	+3.47	+2.70	+1.35	-7.24	-3.44

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

CURRENCIES — Philip Gawith

Focus on dollar and sterling

The key issue for markets this week will be to decide whether the US economy is heading for a soft-landing.

The dollar has recently traded in tandem with the US bond market, with bullish sentiment based on the view that economic growth in the US is slowing, and inflationary pressures subsiding.

This view will be put to the test this week, as industrial production and retail sales figures provide a snapshot of the real economy.

Economists anticipate quite strong results for both indicators, so there is a possibility of a retreat in bond prices and the dollar. The January CPI, and readings on industry from the Philadelphia Fed, and consumer sentiment from the University of Michigan, will also provide a focus for traders.

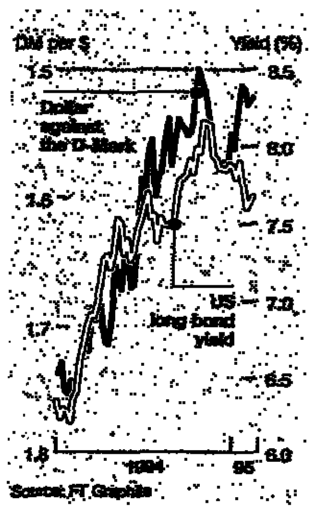
Should the dollar run into trouble, however, it may receive a helping hand from domestic developments in Germany. Analysts at IBJ International in London note that German assets have benefited from uncertainties elsewhere in Europe, and the Mexican effect on the dollar.

Now these factors are fading, and Germany faces problems in the form of the 1995 wage round, and the Hesse election on Sunday. Tomorrow, the board of IG Metall, Germany's leading union, will decide whether to ballot for industrial action, while the poll on Sunday could see the FDP, the junior partner in the governing coalition, fall below the 5 per cent threshold.

This could threaten the survival of the coalition, which would unsettle the D-Mark.

Traders will also be keeping a watchful eye on sterling, which has lost ground recently on fears that the government might fall. This week the focus will be economic, with important data on inflation, retail sales and the labour market.

If the data favours a further monetary tightening, this should help sterling. But if interest rates appear to be on hold, the prospect of less interest rate support than anticipated could cause further currency weakness.



Source: FT Graphite

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, February 10, 1995. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	5391.84	3454.8	2266.66	3492.19
Albania	(Lek)	156.460	100.243	65.7726	101.334
Algeria	(Dinar)	66.0791	42.3366	27.7783	42.7973
Andorra	(Fr Franc)	8.2352	5.2762	3.4619	5.3336
	(Sp Peseta)	204.816	131.225	86.1005	132.653
Angola	(New Kwanza)	867207.0	555617	364556	561663
Antigua	(E Carr $)	4.2039	2.6934	1.7672	2.7227
Argentina	(Peso)	1.5607	0.9999	0.656	1.0108
Armenia	(Dram)	636.800o	407.999	267.696	412.435
Aruba	(Florin)	2.7870	1.7856	1.1716	1.805
Australia	(Aus $)	2.0932	1.3411	0.8799	1.3556
Austria	(Schilling)	16.7255	10.7159	7.031	10.8325
Azerbaijan	(Manat)	6822.75o	4371.32	2868.15	4418.88
Azores	(Port Escudo)	245.368	157.2	103.144	158.911
Bahamas	(Bahama $)	1.5608	1	0.6561	1.0108
Bahrain	(Dinar)	0.5885	0.377	0.2473	0.3811
Balearic Is	(Sp Peseta)	204.816	131.225	86.1005	132.653
Bangladesh	(Taka)	62.1199	39.8	26.1139	40.233
Barbados	(Barb $)	3.1316	2.0064	1.3164	2.0282
Belarus	(Rouble)	18166.3o	11639.1	7636.75	11765.7
Belgium	(Belg Fr)	48.9732	31.3769	20.5873	31.7183
Belize	(B $)	3.1140	1.9951	1.309	2.0168
Benin	(CFA Fr)	823.520	527.627	346.191	533.368
Bermuda	(Bermudian $)	1.5608	1	0.6561	1.0108
Bhutan	(Ngultrum)	48.9882	31.3737	20.5852	31.7151
Bolivia	(Boliviano)	7.3982	4.74	3.11	4.7915
Botswana	(Pula)	4.2367	2.7144	1.781	2.7439
Brazil	(Real)	1.3041	0.8355	0.5482	0.8446
Brunei	(Brunei $)	2.2871	1.4625	0.969	1.4883
Bulgaria	(Lev)	103.834	66.396	43.5656	67.1204
Burkina Faso	(CFA Fr)	823.520	527.627	346.191	533.368
Burma	(Kyat)	9.0346	5.7885	3.798	5.8515
Burundi	(Burundi Fr)	384.020	246.04	161.434	248.718
Cambodia	(Riel)	4060.66	2601.65	1707.02	2629.96
Cameroon	(CFA Fr)	823.520	527.627	346.191	533.368
Canada	(Canadian $)	2.1884	1.4021	0.9199	1.4173
Canary Is	(Sp Peseta)	204.816	131.225	86.1005	132.653
Cp. Verde	(CV Escudo)	129.164	82.7578	54.3063	83.6663
Cayman Is	(CI $)	1.2885	0.8251	0.542	0.8357
Cent Afr. Rep	(CFA Fr)	823.520	527.627	346.191	533.368
Gambia	(Dalasi)	15.2197	9.7512	6.398	9.8573
Germany	(D-Mark)	2.3798	1.524	1	1.5406
Ghana	(Cedi)	1642.84	1052.43	690.533	1063.89
Gibraltar	(Gib £)	1	0.6406	0.4203	0.6476
Greece	(Drachma)	372.583	238.7	156.618	241.297
Greenland	(Danish Krone)	9.3672	6.0015	3.9377	6.0668
Grenada	(E Carr $)	4.2039	2.6934	1.7672	2.7227
Guadeloupe	(Local Fr)	8.2352	5.2762	3.4619	5.3336
Guam	(US $)	1.5608	1	0.6561	1.0108
Guatemala	(Quetzal)	8.9516	5.7351	3.763	5.7976
Guinea	(Fr)	1579.84	1012.07	664.049	1023.08
Guinea-Bissau	(Peso)	21111.4	13526	8874.81	13673.2
Guyana	(Guyanese $)	223.834	143.41	94.0963	144.97
Haiti	(Gourde)	29.5830	18.9537	12.4361	19.1599
Honduras	(Lempira)	14.4490	9.2574	6.074	9.3581
Hong Kong	(HK $)	12.0666	7.7323	5.0735	7.8164
Hungary	(Forint)	177.806	113.92	74.746	115.159
Iceland	(Icelandic Krona)	104.662	67.0566	43.9978	67.7862
India	(Indian Rupee)	48.9882	31.3737	20.5852	31.7151
Indonesia	(Rupiah)	3468.10	2222	1457.92	2246.18
Iran	(Rial)	2727.60	1747.5	1146.59	1766.52
Iraq	(Iraqi Dinar)	0.9342	0.5985	0.3927	0.605
Irish Rep	(Punt)	1.0070	0.6451	0.4233	0.6522
Israel	(Shekel)	4.7121	3.019	1.9808	3.0518
Italy	(Lira)	2519.13	1614	1058.99	1631.56
Jamaica	(Jamaican $)	49.9019	31.972	20.9777	32.3198
Japan	(Yen)	154.402	98.9249	64.9075	100.001
Jordan	(Jordanian Dinar)	1.0957	0.702	0.4606	0.7096
Kenya	(Kenya Shilling)	69.2067	44.3418	29.0939	44.8242
Kiribati	(Australian $)	2.0932	1.3411	0.8799	1.3556
Korea North	(Won)	3.3478	2.1447	1.4072	2.1681
Korea South	(Won)	1240.45	794.753	521.46	803.4
Kuwait	(Kuwaiti Dinar)	0.4666	0.2989	0.1961	0.3022
Laos	(New Kip)	1127.27	722.239	473.882	730.097
Latvia	(Lats)	0.8474	0.5429	0.3562	0.5488
Lebanon	(Lebanese £)	2562.05	1641.5	1077.03	1659.36
Lesotho	(Maluti)	5.5420	3.5507	2.3297	3.5893
Liberia	(Liberian $)	1.5608	1	0.6561	1.0108
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Special Drawing Rights Feb 9, 1995 United Kingdom £0.943716 United States $1.46925 Germany DM2.24568 Japan Y144.866 European Currency Unit Rates Feb 10, 1995 United Kingdom £0.790687 United States $1.24068 Germany DM1.89783 Japan Y125.200

[illegible] Friday, February 10, 1995

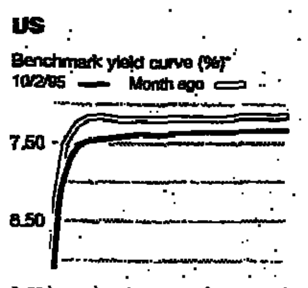
WORLD BOND MARKETS: This Week

NEW YORK — Maggy Urry

After a lacklustre week for the bond market, with little economic news to create controversy and quarterly refunding auctions dominating the action, this week sees a raft of statistics, which will be examined to see whether they add weight to the bull case that the economy is slowing down and interest rates are near, if not at, their peak.

January's retail sales figures are due tomorrow and the inflation figure on Wednesday. The first is noteworthy since the weak retail sales figure for December sparked a rally last month. This time, the number could show a revival in consumer spending, with stores already reporting strong sales gains. However, lower sales of cars should hold back the rise to a market estimate of around 0.4 per cent.

Rising inflation is the big fear for the markets at present, but the consensus for the CPI figure is a rise of only 0.3 per cent, a slight acceleration but not a worrying one.



*All yields are market convention
Source: Merrill Lynch

Also due on Wednesday are industrial production and capacity utilisation figures. The former, although somewhat dubious, is one the Fed watches closely. It is expected to rise again from the 85.4 per cent recorded in December, itself the highest level since October 1979, perhaps to 85.6 per cent.

The market forecast for the increase in industrial production in January is 0.4 per cent.

LONDON — Graham Bowley

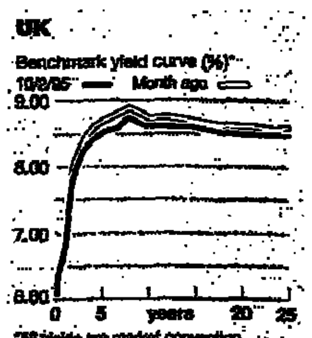
Investors in the UK gilts market have a barrage of domestic economic data to contend with this week.

Producer price figures published today and retail price data due Wednesday hold out the greatest risks, according to Mr Robert Barrie, UK economist at BZW.

He thinks that both producer output price inflation and headline retail price inflation could move above 3 per cent for the first time in this economic upturn. Producer input price inflation, currently running at 8.3 per cent, could rise to more than 9 per cent, he thinks.

Mr Nigel Richardson, head of bond research at Yamaichi, reckons the RPI will be boosted by the tax effects of December's mini-budget.

Also on Wednesday, retail sales figures for January are published. Mr Richardson thinks that the current momentum behind the consumer sector is strong and that the figures will show a strong rise, although seasonal distortions around Christmas may diminish the data's usefulness as a longer term measure of demand.



*All yields are market convention
Source: Merrill Lynch

January's public sector borrowing requirement, published on Thursday, could show a significant debt repayment, boosted by corporation tax receipts, according to Mr Barrie.

"This could provide some reassurance for the gilt market," he said.

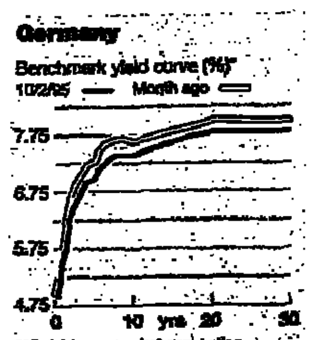
FRANKFURT — Andrew Fisher

As well as the Bundesbank council meeting and the progress of Germany's increasingly shrill wage talks, the bond market will also be looking to Sunday's state election in Hesse for clues to the economic and political mood.

No change in interest rates is expected from the Bundesbank on Thursday and pay talks should result in eventual settlements above 3 per cent.

"With order books continuing to swell, employers will be reluctant to risk a fully fledged wage conflict and will not mind a wage increase of 3.5 per cent or above as long as this is accompanied by measures to increase flexibility in working practices," says Mr Stefan Schneider of S. G. Warburg.

This could trigger a second-quarter rise in interest rates by the Bundesbank, whose inflation target is 2 per cent, he reckons. Bund yields will remain tied to US Treasury yields – in a range of 7.25 to 7.75 per cent in coming weeks – and the rally at the short end of the yield curve should be reversed.



*All yields are market convention
Source: Merrill Lynch

In Hesse, attention is on the Free Democratic Party, which has failed in the previous nine regional votes. Polls suggest the FDP, the junior coalition party in Bonn, should make it this time. Markets could become jittery if it fails and clouds the prospects of chancellor Kohl's slim majority government.

TOKYO — Emiko Terazono

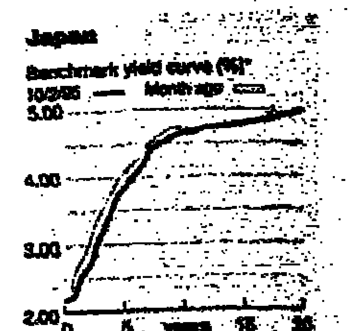
Short covering of futures positions ahead of the roll-over in leading futures contracts are expected to provide support to bond prices this week. Traders expect trading in the June futures contract to rise above that of the March contract, signalling a roll-over at the start of the week.

Lower short-term rates are also expected to steepen the yield curve, providing buying incentives for the bond market as the Bank of Japan maintains its accommodative stance on the money markets.

However, investors are unlikely to be active buyers due to several seasonal factors and a rise in supply on the bond market is unlikely until next month.

The passage of the second supplementary budget to fund the reconstruction of Kobe, which was devastated by the earthquake last month, may also weigh on confidence.

In addition, investors are expected to switch their bond positions into unlisted paper to avoid disclosing their portfolios at the year-end.



*All yields are market convention
Source: Merrill Lynch

The issuance peak of municipal bonds comes during the March to May period, while corporations start to take profits on positions in order to boost earnings ahead of the end-March book closing.

"With the current weakness in the stock market, investors are going to take profits where they can," says Mr Cameron Umetsu, bond analyst at UBS Securities in Tokyo.

European government bonds

Brighter performance triggers optimism

The improved performance by European government bond markets this year, and in particular last week, has triggered an outbreak of optimism in some quarters. Some market participants are arguing that a turning point has at last been reached after last year's falls.

The yield on 10-year German government bonds has, for example, fallen from its 7.74 peak in January to 7.36 per cent near the end of last week.

However, talk of a sustained rally may be premature. While many of the recent gains are due to an improvement in sentiment in the US Treasury market, Europe is also highly vulnerable to setbacks there.

"Further progress in Europe is very much contingent on the US market," said Mr Karl Haeling, head of Deutsche Bank's futures and options group in Frankfurt.

"It is based on the assumption that the US economy has seen the strongest of its growth and is now going into a slowing phase and that the Federal Reserve has stopped tightening monetary policy or is close to stopping," he said.

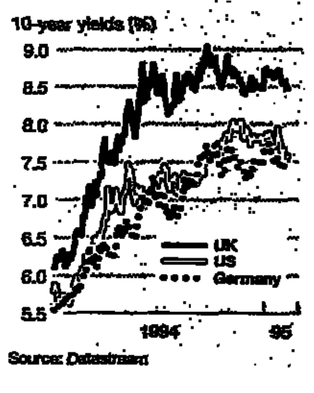
Last week's optimism was sparked by weak US employment statistics on February 3, which seemed to indicate US economic growth is slowing.

"The US bond market has been the top performer this year but this has gone almost unnoticed until now, largely because most of the gains have been hidden at the short-end of the yield curve – with two-year yields easing by 100 basis points," said Mr Garry Jones, senior strategist at Paribas in London.

"Now there has been a reassessment [following the data] of the likely pace of monetary tightening in the US and that has spilled over into Europe," he said.

A tumble in commodities prices provided a further boost to bond market confidence. The falls were seen as an easing of inflationary pressures and a sign that other markets as well as bond markets could suffer declines.

"With commodities oversold, emerging markets out of favour, equities looking expensive and the cyclical economic fundamentals for bonds looking good, cash-rich investors, who until now have preferred to stay out of bond markets, now see a risk in staying out too long and missing the rally," said Mr Mario Francescotti, head of fixed-income trading at Morgan Stanley in London.



Source: Datastream

Mr Jones points out that the implied volatility in the European options markets, a good indication of risk, has declined in recent weeks, particularly in the high-yielding markets of Italy and Spain.

"There is a reassessment going on in terms of who wants to be in the market and who does not," he said. "The highly leveraged, risky players are moving out of these markets, which as a result have settled down somewhat. However, there will be more consolidation before moving higher, although that could eventually happen over time."

Mr Neil MacKinnon, chief economist at Citibank in London, echoes this caution. "The rally in US Treasuries may run out of steam and there may still be some inflationary shocks in the pipeline," he said. He thinks US interest rates, currently at 6 per cent, could still rise to 8 per cent before establishing a peak.

Within Europe, a lot hinges on Bundesbank interest rate policy. Conventional wisdom seems to be that the Bundesbank will not raise interest rates until the third quarter of this year but Mr MacKinnon thinks that – with capacity already stretched, 3 per cent import price inflation and raw materials in D-Mark terms up 25 per cent on a year ago – a rate rise could come as early as the spring.

That first German interest rate rise of the current economic upturn will provide a stiff test for any new-found European optimism.

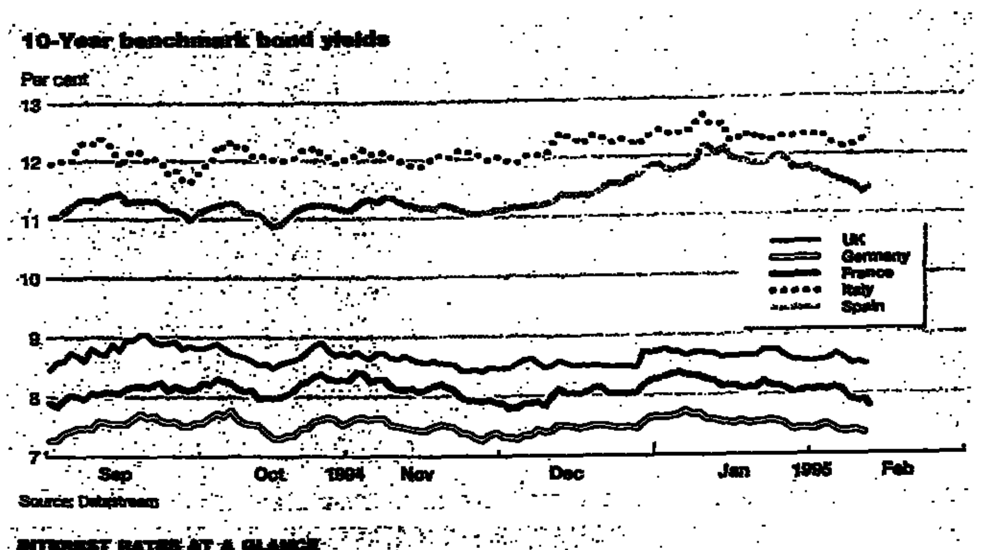
"It is slightly over-optimistic to talk of a peak in interest rates just because the pace of tightening in the US may be slowing," said Mr Robert Barrie, economist at BZW in London. "Interest rates have not even started to rise in the core European bond markets [of Germany and France]."

Meanwhile, many regard the recent gains with caution.

"Although some more money has been committed to the market, particularly in the US, last week's improvement was more a change in trading sentiment than a significant change in investor sentiment. There is still a lot of defensive posturing," said Mr Haeling.

The slight setback in most centres on Friday may be a sign that markets are already beginning to question their new-found optimism.

Graham Bowley



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	4.75	1.75	4.50	5.40¹	7.50	6.25²
Overnight	5.88	2.19	4.88	5.18	7.38	5.75
Three month	5.99	2.25	4.93	5.50	8.63	6.68
One year	6.87	2.43	5.56	6.38	9.87	6.63
Five year	7.57	3.93	6.96	7.67	12.02	8.57
Ten year	7.84	4.59	7.41	7.96	12.17	8.80

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	101-29	101-18	-0-09	102-22	101-08	328,054	347,114
Jun	101-13	101-01	-0-10	102-03	100-24	3,587	39,159
Sep	101-08	100-22	-0-09	101-08	100-14	898	7,026

Russian debt

KO bonanza for Moscow's bankers

A Russian government scheme to pay off state debt to enterprises has become a bonanza for Russian bankers. Little known even among western bankers who specialise in Russian debt, the promissory notes, known as KOs, an abbreviation for *kaznacheyskye obezatelstva*, are the hottest new bet on Russian capital markets.

"The beautiful new instrument of today is the KO," says Mr Victor Huaco, president of the Moscow-based AIOC Capital, one of the few foreign firms that trade the promissory notes. "The KOs are hot right now because the market has nothing else to do."

KOs owe their current allure in part to the weakness of the Russian equities market, which over the past two months has seen a two-thirds decline in the value of liquid shares. That has drawn dealers to the debt market, where KOs are the instruments which today offer the highest return.

The KOs received a boost at the beginning of the month, when the first large tranche of promissory notes reached maturity. The ministry of finance, which issues the KOs, redeemed the notes in full, reassuring investors that the government was committed to the KO scheme and would honour its obligations.

Described by Mr Adam Elstein, a London-based proprietary trader at Bankers Trust who specialises in Russian debt, as "the most obscure and least known of the Russian debt instruments", the KOs owe their existence to the Russian government's struggle to rein in inflation and stabilise the rouble.

In an effort to keep within its budget last year, the government stopped paying its bills to Russian enterprises, contributing to a mountain of debt which threatened to paralyse the economy.

The government, which, in an effort to persuade the International Monetary Fund of its fiscal and monetary virtue, last autumn swore off its traditional practice of simply printing money to cover state debt, had no roubles with which to pay the cash-strapped enterprises.

In its effort to square this financial circle, the government came up with KOs. Instead of paying its debt to enterprises with actual roubles, in September it began settling its bills with KOs, promissory notes which mature in anywhere from 30 to 240 days and bear a nominal annualised interest rate of 40 per cent.

As a means of convincing western economists that Russia is a convert to the cause of fiscal and monetary austerity, the KOs have not been a wild success.

"After looking at this scheme for 10 minutes, I realised that it was exactly the same as printing money, just on a different piece of paper," one western economist in Moscow said.

However, the KOs have had a more enthusiastic reception among Russian bankers, and a few of their more adventurous western colleagues.

Because many Russian factories, which are commonly several months behind in meeting their wage bills, are desperate for roubles, dealers say they are buying the KOs at discounts of as much as 60 or 70 per cent.

That makes the KOs the highest yielding, albeit the riskiest, Russian debt instrument, with annualised returns in roubles of more than 300 per cent, according to Russian traders.

Even the stipulation that the KOs must be traded between three and five times between enterprises before they can be sold for cash – a measure designed to help ease the financial paralysis of Russian industry – has not deterred Russian bankers.

Mr Huaco says the provision has inspired the emergence of a mini-industry of KO launderers who, with the assistance of complaisant enterprises, push the promissory notes through the required number of formal transactions in a matter of hours.

A slightly more staid cousin of the KO is the ministry of finance Treasury bill programme. Like KOs, the Treasury bills are a product of the government's effort to finance its budget deficit without having to resort to the printing press.

However, in recent weeks, the market's inflationary expectations have forced the government to offer annualised interest rates of more than 300 per cent in order to sell the bills.

"The Treasury bills are an attractive market instrument. They trade according to clear rules and are very liquid," said a Russian banker who is one of the leading traders in both forms of debt. "The Treasury bills are safer and simpler than the KOs but not quite as profitable."

In the wild world of Russian finance, where bankers are routinely the victims of gangland-style assassinations and huge fortunes have been amassed overnight, the KOs and Treasury bills carry acceptable levels of risk.

But most western investors are sticking to the hard currency-denominated ministry of finance and Vnesheconom bonds, which are freely traded on western markets and are not linked to the fragile fate of the rouble.

"In the past week there's been a rally in both the Vnesheconom and ministry of finance bonds," said Mr Elstein.

"The hedge funds are beginning to come in because Russian debt is one of the few instruments in the secondary market where you might be able to double your capital gains over one year."

Chrystia Freeland

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
International Finance Corp.	400	Feb.2005	7.875	99.526R	7.945	+27(W 10yr)	BZW Swiss Bank Corp.
BNG	250	Mar.2005	7.875	99.41R	7.963	+90(W 10yr)	ABN Amro Hoare Govett
BankAmerica(c)‡	500	Feb.2000	(c1)	99.915R	-	-	HSBC/ PaineWebber
Walt Disney Co.(j,d)	400	Mar.2000	2.00§	100.00R	-	-	CS First Boston
Chugoku Electric Power	300	Feb.2000	8.00	100.112R	7.972	+39(7¾%-00)	Goldman Sachs Intl.
Bayerische Landesbank(e)	100	Dec.1997	7.75	101.6875	7.055	-	Lehman Brothers Intl.
SCCMT 1995-3(h)	625	Feb.2000	7.85#	99.86R	7.884	+43(7¾%-00)	Citibank
EIB, Tranche 1(j)	200	Mar.1997	7.375	99.97R	7.391	+10(7½%-97)	HSBC Markets
EIB, Tranche 2	300	Mar.2000	7.625	99.595R	7.728	+15(7¾%-00)	HSBC Markets
GECC	200	Feb.2007	8.125	99.60R	8.179	+45(7½%-05)	Goldman Sachs Intl.
Intelsat	200	Feb.2005	8.125	99.70R	8.170	+44(7½%-05)	Goldman Sachs Intl.
YEN							
DSL Bank★	10bn	Mar.2002	4.45	99.888R	4.469	-	Sakura Finance Intl.
Argentaria Global Fin.(a)★	25bn	Jul.1999	4.00	100.00R	-	-	Daiwa Eur.[illegible]
Diamond Lease Co.(a)★	10bn	May.2000	4.50	100.225R	-	-	Mitsubishi Fin.Intl.
STERLING							
National & Provincial B/S(f)‡	100	Mar.2001	(f1)	99.88R	-	-	CS First Boston
Merrill Lynch & Co.	100	Mar.2000	9.25	99.814R	9.298	+67(8%-00)	HSBC/ Merrill Lynch
D-MARKS							
NTT	400	Mar.2000	7.125	99.90R	7.149	+15(7%-99)	Deutsche Bank/Paribas
Volvo Corp. Finance	250	Mar 2000	7.50	102.00	7.012	-	Dresdner Bank
North Rhine Westphalia(j)	500	Jun.2000	7.00	99.50R	7.10	-	ABN Amro HB/Trinkaus
Suedwestdeutsche Landesbank	500	Mar.1998	6.625	99.70R	6.739	-	SBC Frankfurt
FRENCH FRANCS							
Halifax Building Society	2bn	Mar.1998	7.50	100.00R	7.500	+20(i)	CDC/ SBS France
Abbey Natl.Treas.Services(e)	3bn	Dec.1996	7.00	99.91R	7.08	+20(8½%-96)	CCF

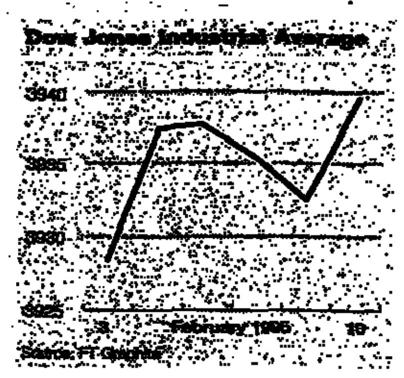
Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
SWISS FRANCS							
OKB	300	Mar.2000	5.375	102.80	4.733	-	Swiss Bank Corp.
BNG	150	Mar.2005	5.375	102.25	5.082	-	ABN Amro Hoare Govett
Republic of Austria(§)	600	Mar.2005	5.50	103.125	5.093	-	Credit Suisse
European Sovereign Invs.(a)★	200	Sep.1998	5.50	102.00	-	-	Credit Suisse
Depfa Bank★	150	Mar.1998	5.25	102.25	4.433	-	[illegible]
ITALIAN LIRE							
European Investment Bank	600bn	Mar.1999	10.80	101.45	10.34	-	BCI/CSFB/D'che/S.Paolo
GUILDERS							
BNG	500	Mar.2005	7.75	99.45R	7.831	+23(7¼%-05)	ABN Amro Hoare Govett
Commerzbank O'seas Fin.(a)	100	Nov.1998	7.75	103.51	6.842	-	ING Bank
Dresdner International Finance	500	Mar.2000	7.25	99.675R	7.330	+12(6¾%-00)	ABN Amro/ Dresdner
LUXEMBOURG FRANCS							
Sudwest LB Cap.Mkts.(j)	2bn	Jun.2000	7.75	102.25	7.20	-	BGL/ Kredietbank
LB Schleswig-Holstein	2bn	Apr.2005	8.25	102.625	7.861	-	Crédit Européen
Bacob Overseas(j,d)	2bn	Jan.1999	8.00	102.75	7.20	-	Bacob Bank Lux.
AUSTRALIAN DOLLARS							
AIDC★	100	Feb.1998	4.50#	88.10	9.24	-	Nomura International
ESCUDOS							
Crédit Local de France‡	15bn	Mar.2000	(k)	100.35	-	-	BPI
Morgan Guaranty Trust Co.‡	15bn	Mar.1998	(k)	100.15	-	-	BPI

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. With equity warrants. ★Unlisted. #Semi-annual coupon and yield. R: fixed re-offer price. a) Fungible with Fl 250m. Plus 100 days accrued. b) 6-mth Libor -1/16%. c) Callable on any coupon date from Feb.98 at par. c1) 3-mth Libor +1/8%. d) Contingent interest linked to portfolio of "live action" films. e) Fungible with $500m. Plus 63 days accrued. f) Callable on any coupon date from Mar.00 at par. f1) 3-mth Libor +1/4%. g) Issue launched 26/1/95 was increased to LFr6bn. h) Standard Credit Card Master Trust. Legal maturity: Feb.02. i) Over interpolated yield. j) SFr300m at 102⅝%, SFr300m at 103⅞%. k) 6-mth Libor flat. l) Long 1st coupon. m) Long flat coupon. n) Short 1st coupon. Note: Yields are calculated on ISMA basis.

EQUITY MARKETS: This Week

NEW YORK
Lisa Bransten

Waiting for a wave of statistics



Wall Street's tentative mood may well hold through the early part of this week before investors are hit with a wave of important economic data.

The momentum which started a week ago last Friday, after higher than expected jobless figures set many to thinking the Federal Reserve had finished raising interest rates, failed to take hold last week. Both the Standard & Poor's 500 and the Dow Jones Industrial Average hovered near record highs but never managed to post even a modest rally or decline.

However, by last Friday, bullishness had vanished as investors looked past lower than expected increases in the producer price index and worried that strong gains in the intermediate goods component of the index might spark more monetary tightening.

Thus uncertainty may reign on the market until Wednesday when important figures on capacity utilisation and consumer prices are due to be released.

The percentage of industrial capacity at use in the creation of goods hit a 15-year high in December at 85.4 per cent, and economists expect January's figure to be even higher at 85.6 per cent. Industrial production is expected to have risen 0.4 per cent in January, off slightly from the 1 per cent surge recorded for December.

Capacity utilisation and industrial production figures are considered an especially important gauge of the potential for additional interest rate increases, because members of the Federal Reserve's board of governors have repeatedly pointed to gains in those figures as justification for monetary tightening.

Data on consumer prices may also affect the markets next week as investors wait to see if price pressures detected at earlier stages of the economy have carried through to the consumer level.

At the end of last year, there were still signs of disinflation, not inflation at the consumer level, with the prices up only 2.7 per cent for the entire year and just 0.2 per cent in December.

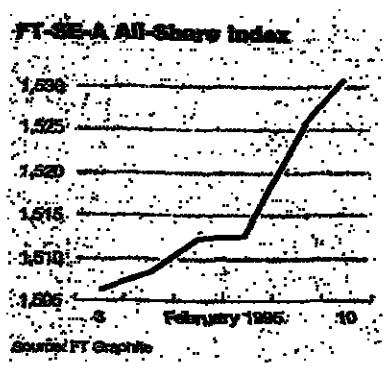
Economists expect an increase of 0.3 per cent in January for both the overall CPI and the core index, which excludes the volatile food and energy components.

Although the CPI and capacity utilisation figures should be the most important data this week, the market may take some early direction from retail sales figures to be released tomorrow. Economists expect retail sales to recover from the 0.1 per cent loss posted in December and show a gain of 0.6 per cent.

The sales figures and quarterly earnings reports from some retailers should give investors an idea about spending in December, which many will use as a guide to what is in store for the economy for the beginning of this year.

LONDON
Terry Byland

Data likely to test optimism on inflation



The market's growing perception that inflationary pressures are diminishing may have to prove itself this week. The response to the change of mood was emphasised last week by a sudden scramble towards the UK market by fund managers who had let their weightings drift down in January; European funds seem to have been leading the rush. Customer business, the very heart blood of the stock market, jumped sharply to return daily totals in the £1.6bn to £1.7bn range.

Derivatives Securities, speaking for the technicians, says its market measures indicate "more upside potential from here". Kleinwort Benson has been in the van of UK bulls of the market, warning clients that they risk being left behind if the upturn continues. The bears are still around, expressing lack of faith in economic recovery, but they have been less vociferous lately.

For all that, the Footsie was up by 1.6 per cent last week, and faces a barrage of inflation-related statistics from the UK and from the US. If share prices can stand up to these statistics, the case for a market revaluation will be that much stronger. And if it is then hit by the promised weight of takeover moves believed to be lurking among the utilities, then fund managers will have to run even faster to catch up. Nor is the utilities area the only bid-favoured sector. Food shares, long a speculative favourite, are running again and could well provide excitement this week.

Results for the 1994 final quarter from the oil/chemicals sector, led in the UK this week by British Petroleum and Shell, are likely to offer the most convincing evidence to date of the strength of the economic recovery. The strength of the performance of the chemicals operations at the leading US oil companies caught the US markets by surprise in the second half of last year. These have been widely undervalued in the UK stock market, according to BZW.

The UK investment banking house is not embarking on a general revision of 1995–96 earnings forecasts until the fourth quarter figures are known, but it believes present estimates are too low.

It sees further substantial improvements in margins on plastics and some chemical contracts, leading to returns on chemical assets the 27 per cent area.

BZW thinks the peak of 1995–96 profitability will come in the first quarter of this year but also proffers the possibility that January's profit margins could be sustained through the rest of the year.

With this scale of optimism apparent in the oil sector, it is no surprise that bid speculation is raising its head again. Lasmo, subdued since the fiasco of the offer from Enterprise Oil, has moved ahead, looking for a move from the US.

Global share offerings

Chinese issues face delays and reductions in size

Chinese enterprises and their sponsors are delaying international offerings in the face of poor market sentiment and analysts believe some may be forced to reduce the amounts they had hoped to raise.

Analysts do not expect any of the planned overseas issues to come to market in the first quarter and reckon underwriters may first test the waters with a small offering of B shares – shares listed in Shenzhen or Shanghai and designated for foreigners. This guinea pig issue could be Foshan Lighting, which is looking to raise US$30m, although there are several similar B share issues in the pipeline.

Of the companies slated for an overseas listing, Shandong International Power Development, the HK$2.7bn global offering co-sponsored by Goldman Sachs and Peregrine Capital, remains on the a back-burner after announcing plans to delay its issue.

SIPD blamed its decision on the poor secondary market performance of fellow China power companies on the New York Stock Exchange – Shandong Huaneng, the first mainland state-owned enterprise to seek a primary listing on Wall Street, and Huaneng Power International. It is understood the Chinese Securities and Regulatory Committee (CSRC), which is pressing for joint primary listings in Hong Kong and New York, also had a hand in the decision to delay.

Last month, Datang Power, the electricity giant being brought to market by Salomon Brothers, followed SIPD's lead. Its planned issue, which is to include a global placement in addition to the Hong Kong public offering, is believed to be for around US$500m.

However, it is China's two airlines, both of which are seeking a New York listing, that will prove the real test of market sentiment. On the experience of the two power plants and Shanghai Petrochemical, which is listed in New York and Hong Kong, trading in the US is thin and performance has been poor.

China Eastern Airlines, expected to raise around $1bn, could launch its issue in the second quarter of the year; but there is talk of technical problems and pricing disagreements holding up the offering. Earnings of China's airline industry were poor in 1994, which could affect the amount raised. Some also believe China Southern, being brought to market by Goldman Sachs, may reduce its issue to about $500m.

One company being cited as a casualty of poor sentiment is Tianjin Steel Tube Company, which had been looking to raise around $100m to $200m. The metallurgical company has switched underwriters several times, lacks a three-year track record and market sources reckon it may be forced to ditch its mooted New York listing altogether.

Primary activity in other markets remained subdued last week, amid a dearth of large offerings from top-notch issuers.

While a 1.6m share offering for Spanish life insurer Mapfre Vida and the privatisation of the French tobacco monopoly Seita saw strong investor demand, a planned IPO for Southern Peru Copper Corporation was postponed following the drop in commodity prices and the terms for another IPO for Globalstar, which plans to design, build and operate a satellite-based telecommunications system, were scaled back.

The latter transaction was reduced to 10m shares from 12m and the indicated price range lowered to $21–$22 per share from $24–$26. Moreover, Loral Corporation, a general partner in Globalstar, has committed to buy $30m of the stock at the offer price when the deal is priced later today.

Louise Lucas and Conner Middelmann

OTHER MARKETS

FRANKFURT

Further good news from the corporate sector is in store this week from the press conferences of Preussag, Holzmann and Buderus.

Preussag holds a balance sheet press conference on Wednesday and UBS notes that, as the preliminary numbers indicate an acceleration in earnings growth in the second half, it expects that the management will give a favourable outlook for 1994–95.

Philipp Holzmann releases preliminary figures for 1994 on Wednesday while Buderus elaborates on its 1993–94 figures on Thursday.

Meanwhile, the Bundesbank council meets on Thursday and James Capel says that very strong industrial orders and output data released over the last couple of weeks, along with mounting difficulties in the current wage round, have bolstered the case for the first rate rise in Germany. However, the broker says it still expects the increase to come through in the second quarter.

PARIS

Since recording a two-year low on January 23, the French equity market has come alive, and the CAC-40 index made good gains last week, although the outlook remains far from healthy, *writes John Pitt.*

Sales figures this week from Alcatel Alsthom, Schneider and Thomson-CSM will provide points of interest, as will full-year results from Bancaire.

Last week, Rhône-Poulenc suffered a one-day 5 per cent fall on disappointment over its 1994 results, while in January AGF, Gan and UAP all came out with profit warnings owing to their exposure to the troubled property sector.

Nevertheless, Smith New Court Europe has recommended overweighting the financial sector, while reducing exposure to cyclical stocks.

In support of this argument the broker put forward the view that international competition would become much tougher for European and French cyclicals in the next few months, with prices and margins coming under pressure once more.

OSLO

The market awaits strong full-year figures from Dyno, Den norske Bank, Kvaerner and Hafslund Nycomed this week but investors will follow DnB's moves closely tomorrow when the bank officially declares war on the state, its biggest shareholder, over its dividend payment, *writes Karen Fossli.*

Investors will be keen to see how far the state will intervene in the bank's affairs, particularly in view of plans to gradually reduce state bank shareholdings.

The market's directionless trend in 1994 has continued this year, less influenced by interest rates and bond yields than elsewhere in Europe and with the anticipated strong corporate results discounted in prices.

Kleinwort Benson remarked that last year's 7.1 per cent increase, though hardly impressive, was a respectable return in a European context but said that Norwegian equities would not be among Europe's top performers in 1995.

Dyno reports today, DnB and Kvaerner tomorrow and Hafslund Nycomed on Thursday.

TOKYO

Although the Nikkei index received a boost from retail buying of construction stocks last Friday, analysts agree that the rally in the sector has fizzled out, *writes Emiko Terazono.*

It will be hard for investors to buy up construction issues from current levels, and traders expect large-lot profit-taking by companies looking to increase their earnings ahead of the March book closing.

Mr Tom Hill, strategist at S. G Warburg in Tokyo, expects a sideways move in the Nikkei for the next few weeks. But he believes "the market is vulnerable to upward breaks", referring to the rally prompted by retail investors.

Since overseas investors and domestic institutions are unlikely to be active participants over the next few weeks, traders are expected to rack their brains over the next trading "theme" which will attract the private investor.

HONG KONG

Brokers expect trading on the Hong Kong market to remain in a tight range this week, with resistance setting in at the 8,200 level, *writes Louise Lucas.* Sino-US trade talks resume today and any news on the talks' progress will have an affect on the market.

Last week, investors pushed prices of Hong Kong stocks higher in spite of a wealth of negative factors, including a rise in interest rates and the threat of a Sino-US trade war that would hit China exports passing through the colony *en route* to America.

The rally was largely driven by Wall Street, and continued strength in New York could allow the Hong Kong market to hold firm this week. Equally, any falls in New York are likely to be mirrored.

Many brokers are looking for the Hang Seng index to pull back by around 200 points. Much of the buying towards the end of last week was said to be connected to covered warrant issues.

Compiled by Michael Morgan

CONTRACTS & TENDERS

REPUBLIC OF GHANA
VOLTA RIVER AUTHORITY
NATIONAL ELECTRIFICATION PROJECT
CREDIT NO. 2467-GH.

The Republic of Ghana has received a Credit from the International Development Association in various currencies towards the financing of the National Electrification Project , and it is intended that part of the proceeds of this Credit will be applied to the payment of foreign cost of the contract for which this invitation to Bid is issued.

The Volta River Authority now invites sealed Bids from eligible Bidders from member countries of the World Bank and Taiwan, China for the following Scope of Works:

Supply of: 2800 km of ACSR (DOG) Conductors
940 km of Galvanized Steel Wire

Interested Bidders may obtain further information on the Bids from the Volta River Authority. Complete set of Bidding Documents are expected to be available for sale from the address below from February 27, 1995 upon payment of non-refundable fee of US $150 per set or US $200 if requested that the Documents should be sent by couriers. The closing date to receive Bids will be specified in the Bidding Documents. Bid received on or before the appointed closing date will be opened in the presence of Bidders or their representatives at the Head Office of VRA in Accra.

VOLTA RIVER AUTHORITY
Director, Engineering, Design and Construction
P.O. Box M 77
Accra, Ghana
Tel. No. 233 21 664829
Fax. No. 233 21 660040
Telex: 2410 VRAKUS GH

LEGAL NOTICES

No. 00137 of 1995

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR REGISTRAR BUCKLEY

IN THE MATTER OF
FENNER PLC
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 1st February 1995 confirming the cancellation of the share premium account of the Company was registered by the Registrar of Companies on 2nd February 1995.

Dated this 13th day of February 1995

Nabarro Nathanson
50 Stratton Street
London
W1X 5FL

Tel: 071-493 9933
Ref: 1A/NXP/PRL/P9510/10
Solicitors for the Petitioning Company

IN THE MATTER OF
ASSYST CSC LTD
and
IN THE MATTER OF
THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 13th day of March 1995 to send in their full names their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L Mavrocordatos, ACA of Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of February 1995
Costas L Mavrocordatos
Liquidator

IN THE MATTER OF
CIVEC EMPLOYMENT SERVICES LTD
and
IN THE MATTER OF
THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 13th day of March 1995 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L Mavrocordatos, ACA of Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of February 1995
Costas L Mavrocordatos
Liquidator

BUSINESS TRAVEL

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 12.02.95: Pool purchase price £/MWh	Final Prices for Trading on 15.01.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.06	9.90	9.90
0100	7.75	45.86	48.01
0130	11.89	45.86	48.01
0200	11.89	45.86	48.01
0230	7.75	20.31	22.46
0300	7.75	10.12	12.27
0330	7.75	10.12	12.27
0400	7.75	10.12	12.27
0430	8.80	9.90	9.90
0500	8.74	9.70	9.70
0530	8.84	8.51	8.51
0600	8.83	8.51	8.51
0630	8.83	8.51	8.51
0700	8.83	8.51	8.51
0730	8.83	8.51	8.51
0800	8.83	8.50	8.50
0830	8.79	8.51	8.51
0900	8.80	8.19	8.19
0930	8.85	9.90	9.90
1000	8.84	10.23	12.38
1030	7.75	10.23	12.38
1100	9.53	18.07	20.22
1130	9.53	29.28	31.43
1200	10.27	40.84	43.00
1230	9.53	75.31	77.46
1300	10.27	75.31	77.46
1330	10.27	42.07	44.23
1400	10.27	29.28	31.43
1430	9.55	18.07	20.22
1500	8.84	10.23	12.38
1530	8.83	10.23	12.38
1600	8.83	8.70	8.70
1630	8.84	10.23	12.38
1700	9.00	28.23	29.38
1730	9.53	41.42	43.57
1800	14.02	95.40	97.55
1830	14.02	41.41	43.57
1900	14.02	41.41	43.56
1930	14.02	40.39	42.54
2000	10.27	40.38	42.54
2030	10.02	35.80	37.95
2100	10.02	35.80	37.95
2130	10.02	35.80	37.95
2200	10.02	26.22	28.38
2230	7.75	10.23	12.38
2300	8.84	9.90	9.90
2330	8.64	8.65	8.65
2400	8.83	8.70	8.70

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.00/MWh becomes 1.000p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their [illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 13.02.95: Pool purchase price £/MWh	Final Prices for Trading on 16.01.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.85	9.90	9.90
0100	11.94	21.90	23.11
0130	11.94	32.33	33.54
0200	11.94	32.33	33.54
0230	11.94	30.91	32.12
0300	9.53	30.91	32.12
0330	9.53	30.91	32.12
0400	9.53	10.23	11.44
0430	7.75	9.90	9.90
0500	7.75	9.70	9.70
0530	8.83	10.06	10.06
0600	8.82	9.90	9.90
0630	8.83	9.90	9.90
0700	8.81	10.07	10.07
0730	8.91	38.85	40.89
0800	9.06	37.99	39.31
0830	9.78	50.20	51.83
0900	10.35	42.02	43.88
0930	11.82	45.80	48.15
1000	14.38	93.15	95.67
1030	16.24	94.10	97.00
1100	17.40	56.98	59.79
1130	20.77	42.57	42.57
1200	25.39	56.90	58.71
1230	25.56	46.20	48.94
1300	23.89	39.79	42.19
1330	16.87	53.26	55.22
1400	15.30	52.38	54.14
1430	12.30	51.84	53.47
1500	12.34	51.57	53.13
1530	13.17	52.10	53.82
1600	18.21	25.74	25.74
1630	26.05	118.43	136.06
1700	49.69	273.85	317.93
1730	83.80	422.33	464.38
1800	111.97	382.70	428.39
1830	99.85	178.85	200.64
1900	84.05	90.85	100.32
1930	41.08	65.78	70.46
2000	18.83	44.89	48.89
2030	14.54	36.25	37.60
2100	9.94	34.78	38.03
2130	9.58	33.87	35.18
2200	8.50	33.94	35.15
2230	8.03	33.93	35.14
2300	9.06	32.67	33.88
2330	8.85	24.57	25.78
2400	8.82	10.05	10.05

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.00/MWh becomes 1.000p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their [illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 10 / Sch) [illegible]

BELGIUM/LUXEMBOURG (Feb 10 / Frs.) [illegible]

CZECH REP (Feb 10 / Koruna) [illegible]

DENMARK (Feb 10 / Kr) [illegible]

FINLAND (Feb 10 / Mks) [illegible]

FRANCE (Feb 10 / Frs.) [illegible]

GERMANY (Feb 10 / Dm.) [illegible]

GREECE (Feb 10 / Drachma) [illegible]

ITALY (Feb 10 / Lira) [illegible]

NETHERLANDS (Feb 10 / Fls.) [illegible]

NORWAY (Feb 10 / Kroner) [illegible]

POLAND (Feb 9 / Zloty) [illegible]

PORTUGAL (Feb 10 / Escudo) [illegible]

SPAIN (Feb 10 / Pta.) [illegible]

SWEDEN (Feb 10 / Kronor) [illegible]

SWITZERLAND (Feb 10 / Frs.) [illegible]

TURKEY (Feb 10 / Tk. Lira) [illegible]

PACIFIC

JAPAN (Feb 10 / Yen) [illegible]

HONG KONG (Feb 10 / H.K.$) [illegible]

INDONESIA (Feb 10 / Rupiah) [illegible]

MALAYSIA (Feb 10 / MYR) [illegible]

NEW ZEALAND (Feb 10 / NZ $) [illegible]

AUSTRALIA (Feb 10 / Aust$) [illegible]

SOUTH KOREA (Feb 10 / Won) [illegible]

TAIWAN (Feb 10 / TW $) [illegible]

THAILAND (Feb 10 / Baht) [illegible]

NORTH AMERICA

CANADA

TORONTO (Feb 10 / Can $) 4 pm close [illegible]

MONTREAL (Feb 10 / Can $) 4 pm close [illegible]

AFRICA

SOUTH AFRICA (Feb 10 / Rand) [illegible]

INDICES

	Feb 10	Feb 9	Feb 8	1994/5 High		Low	
Argentina							
General (29/12/77)	14293.20	14345.48	14780.32	25470.49	18/2/94	13636.48	10/1/95
Australia							
All Ordinaries(1/1/80)	1846.0	1833.6	1823.3	2340.60	3/2/94	1823.30	8/2/95
All Mining(1/1/80)	813.7	798.6	795.3	1138.10	3/2/94	795.30	8/2/95
Austria							
Credit Aktien(30/12/84)	363.86	365.46	362.99	489.66	2/2/94	361.34	3/2/95
Traded Index(2/1/91)	981.05	982.53	974.38	1222.25	1/2/94	968.30	3/2/95
Belgium							
BEL20 (1/1/91)	1358.15	1350.45	1347.09	1542.65	9/2/94	1338.39	7/10/94
Brazil							
Bovespa (29/12/83)	33077.0	34016.0	35763.0	55110.00	13/9/94	3690.90	3/1/94
Canada							
Metals Minls♦(1975)	3602.78	3668.09	3674.69	4325.07	18/1/95	3298.86	20/4/94
Composite♦ (1975)	4110.60	4116.04†	4104.20	4808.90	23/3/94	3869.90	24/6/94
Portfolio§§ (4/1/83)	2020.39	2025.55	2018.29	2182.69	1/2/94	1888.48	28/6/94
Chile							
IPSA Gen (31/12/80)	5412.2	5423.0	5458.7	5754.40	21/11/94	3691.20	4/4/94
Denmark							
CopenhagenSE(3/1/83)	358.16	355.40	354.88	415.79	2/2/94	336.88	20/12/94
Finland							
HEX General(28/12/90)	1831.0	1833.9	1831.1	1872.06	4/2/94	1601.19	3/1/94
France							
SBF 250 (31/12/90)	1235.43	1236.43	1223.85	1565.20	2/2/94	1176.82	23/1/95
CAC 40(31/12/87)	1889.40	1874.44	1860.91	2355.93	2/2/94	1772.84	23/1/95
Germany							
FAZ Aktien(31/12/58)	791.97	784.27	777.86	869.27	19/5/94	742.84	5/10/94
Commerzbank(1/12/53)	2252.6	2229.4	2209.0	2465.50	2/5/94	2116.30	5/10/94
DAX (30/12/87)‡	2130.15	2112.89	2087.82	2271.11	16/5/94	1980.59	7/10/94
Greece							
Athens SE(31/12/80)	807.50	795.46	789.22	1194.56	18/1/94	789.22	8/2/95
Hong Kong							
Hang Seng(31/7/64)	8012.82	8054.88	7934.83	12201.09	4/1/94	6967.93	23/1/95
India							
BSE Sens.(1979)	3522.14	3555.57	3548.27	4630.57	12/9/94	3411.04	24/1/95
Indonesia							
Jakarta Comp.(10/8/82)	453.31	450.83	451.95	612.89	5/1/94	432.96	25/1/95
Ireland							
ISEQ Overall(4/1/88)	1902.77	1897.04	1896.12	2082.18	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	680.54	679.45	679.03	817.17	10/5/94	591.84	13/12/94
MIB General (2/1/95)	1076.0	1074.0	1073.0	1078.00	10/2/95	979.00	10/1/95
Japan							
Nikkei 225 (16/5/49)	18291.35	18089.55	18290.25	21552.81	13/6/94	17369.74	4/1/94
Nikkei 300 (1/10/82)	261.61	258.55	261.11	311.71	13/6/94	254.80	23/1/95
Topix (4/1/68)	1426.29	1412.71	1423.75	1712.73	13/6/94	1398.66	23/1/95
2nd Section (4/1/68)	1875.30	1875.76	1880.58	2942.85	6/7/94	1883.38	3/1/94
Malaysia							
KLSE Comp.(4/4/86)	980.38	971.03	964.75	1314.46	5/1/94	940.87	24/1/95
Mexico							
IPC (Nov 1978)	(c)	1935.32	1960.81	2881.17	8/2/94	1688.90	31/1/95
Netherland							
CBS TtlRtnGen(End 83)	447.0	445.6	444.5	454.99	31/1/94	406.30	21/6/94
CBS All Shr (End 83)	280.4	279.6	278.8	294.89	31/1/94	257.60	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1957.93	1959.57	1964.13	2499.84	3/2/94	1878.89	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1147.25	1144.64	1139.42	1211.10	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2624.46	2570.00†	2558.40†	3308.37	4/1/94	2374.88	24/1/95
Portugal							
BTA (1977)	2780.0	2783.5	2785.5	3628.89	18/2/94	2812.89	20/6/94
Singapore							
SES All-S'pore(2/4/75)	512.84	511.59	507.45	641.61	4/1/94	472.90	23/1/95
South Africa							
JSE Gold (28/9/78)	1628.3¶	1654.4	1540.7	2634.60	7/9/94	1485.20	30/1/95
JSE Ind. (28/9/78)	6390.3¶	6411.0	6377.2	6894.49	30/12/94	5446.80	19/1/94
South Korea							
KoreaCompEx(4/1/80)**	955.31	963.77†	958.33	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	289.46	288.11	287.60	369.34	31/1/94	278.35	11/1/95
Sweden							
AffarsvarldsGen (1/2/37)	1558.19	1558.80	1538.50	1683.90	31/1/94	1334.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1259.43	1250.30	1242.65	1428.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	925.85	925.46	920.73	1088.29	31/1/94	876.57	27/10/94
Taiwan							
WeightedPr.(30/6/66)**	6554.78	6543.42	6526.74	7181.13	1/11/94	5194.63	19/3/94
Thailand							
Bangkok SET (30/4/75)	1301.97	1307.18	1314.24	1789.73	4/1/94	1191.28	23/1/95
Turkey							
Istanbul Cmp.(Jan 1986)	26918.0	26704.1	26321.0	28148.18	2/12/94	12888.70	24/3/94
WORLD							
MS Capital Int (1/1/70)$	616.4*	613.6	613.7	649.80	2/11/94	584.80	1/11/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1348.30	1347.04	1334.40	1540.39	31/1/94	1288.48	5/10/94
Euro Top-100 (26/6/90)	1198.05	1195.18	1184.58	1311.81	2/2/94	1138.48	5/10/94
JCapelDrgns (31/12/88)	(c)	294.21	292.14	386.19	5/1/94	281.48	23/1/95
Barings Emerg.(7/1/92)	139.83	141.54	142.82	191.75	20/9/94	134.97	31/1/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40							
Feb	1876.0	1877.0	-4.00	1877.0	1872.0	819	26,616
Mar	-	1886.0	-	-	-	-	23,036
DAX							
Mar	2140.0	2136.5	+0.5	2150.0	2132.5	18,248	N/A
Jun	2159.0	2156.5	+0.5	2165.0	2154.5	178	N/A
OMX							
Feb	1197.00	1200.00	+20.5	1200.00	1192.00	2,428	23,921
Mar	1201.25	1201.00	-1.00	1201.50	1201.00	187	1,530
SOFFEX							
Feb	2645.0	2636.0	+3.00	2647.0	2632.0	5,936	14,884
Mar	2650.0	2643.1	-2.00	2650.0	2640.5	302	1,286

** Sat Feb 4 : Taiwan Weighted Price 6328.38; Korea Comp Ex 951.88. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp/Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 10 - 2127.59 +9.76.

US INDICES

Dow Jones	Feb 10	Feb 9	Feb 8	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3939.07	3932.68	3935.37	3978.36 (31/1/94)	3593.35 (4/4/94)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	95.52	95.63	95.69	105.61 (21/1/94)	93.58 (30/12/94)	106.77 (18/10/93)	54.99 (1/10/81)
Transport	1542.13	1503.24	1501.14	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	193.05	193.12	194.70	227.86 (3/1/94)	173.94 (22/11/94)	256.48 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3962.96 (3967.38) Low 3906.46 (3904.76) (Theoretical♦)
Day's high 3944.79 (3948.88) Low 3928.95 (3928.31) (Actual♦)

Standard and Poors	Feb 10	Feb 9	Feb 8	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	461.46	460.19	461.19	482.00 (2/2/94)	438.92 (4/4/94)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¶	569.17	567.18	567.31	569.17 (10/2/95)	510.05 (21/4/94)	569.17 (10/2/95)	3.62 (21/6/32)
Financial	45.18	45.38	45.66	48.94 (14/6/94)	39.87 (22/11/94)	48.49 (29/9/93)	8.64 (1/10/74)
NYSE Comp.	261.80	261.21	261.67	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	447.85	446.33	445.94	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	790.43	785.44	783.77	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Feb 3	Jan 27	Jan 20	Year ago
Dow Jones Ind. Div. Yield	2.73	2.79	2.77	2.62
	Feb 8	Feb 1	Jan 25	Year ago
S & P Ind. Div. yield	2.38	2.42	2.43	2.46
S & P Ind. P/E ratio	19.38	18.96	18.90	27.44

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	6,574,400	33	+¾
Glaxo	4,785,700	20⅝	+¼
Compaq	4,288,200	37¼	-⅛
Ford Motor	4,282,800	25⅝	+½
Micron	4,246,500	52⅝	+2¼
EMC Corp	3,768,200	17¾	+⅜
Federated DS	3,066,400	21⅝	+1
AMR Corp	2,717,500	60⅝	+3⅝
Gen Motors	2,622,000	38⅝	+1
Motorola	2,587,400	62¼	+⅝

TRADING ACTIVITY

● Volume (million)	Feb 10	Feb 9	Feb 8
New York SE	295.563	325.548	317.912
Amex	13.935	17.181	16.480
NASDAQ	69	369.945	328.110
NYSE			
Issues Traded	2,921	2,946	2,933
Rises	1,216	1,124	1,116
Falls	912	1,074	1,040
Unchanged	793	780	777
New Highs	48	59	72
New Lows	24	26	29

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Mar	482.50	483.65	+1.00	483.95	480.55	59,149	196,529
Jun	-	487.65	+1.05	487.70	484.65	547	16,783
Nikkei 225							
Mar	18170.0	18350.0	+110.0	18350.0	18040.0	45,061	125,220
Jun	18260.0	18390.0	+130.0	18390.0	18120.0	7,519	15,261

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

TOKYO - MOST ACTIVE STOCKS: Friday, February 10, 1995.

	Stocks Traded	Closing Prices	Change on day
Fudo Const	22.3m	1,300	+79
Penta Ocean	21.1m	865	+26
Sumitomo Const	12.2m	741	+61
Aoki Corp	5.1m	818	+45
Toyo Const	5.1m	712	+29
Ashikaga Bank	4.8m	660	+6
NEC Corp	3.8m	923	+8
Kobe Steel	3.5m	267	-2
Sakai Ovex	3.4m	768	-40
Daisue Const	3.3m	709	+63

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Feb 10		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.7255	-0.0211	181 - 329	16.7837	16.7061	16.713	0.9	16.6783	1.1	-	-	105.7
Belgium	(BFr)	48.9732	+0.048	466 - 998	49.0700	48.8700	48.9232	1.2	48.8082	1.3	48.3482	1.3	107.3
Denmark	(DKr)	9.3672	+0.0021	624 - 719	9.3883	9.3526	9.3614	0.7	9.35	0.7	9.3125	0.6	106.7
Finland	(FM)	7.3156	-0.0287	078 - 233	7.3570	7.2930	-	-	-	-	-	-	84.6
France	(FFr)	8.2352	+0.0015	319 - 385	8.2580	8.2166	8.2281	1.0	8.2152	1.0	8.1454	1.1	107.4
Germany	(DM)	2.3788	+0.0001	776 - 800	2.3863	2.3739	2.3759	1.5	2.3691	1.6	2.3346	1.9	109.3
Greece	(Dr)	372.563	+0.868	311 - 815	373.369	370.460	-	-	-	-	-	-	66.8
Ireland	(I£)	1.0070	+0.0037	062 - 077	1.0076	1.0014	1.0067	0.4	1.0064	0.2	1.005	0.2	97.1
Italy	(L)	2519.13	+2.09	693 - 134	2522.85	2514.76	2522.63	-1.7	2532.23	-2.1	2576.68	-2.3	78.4
Luxembourg	(LFr)	48.9732	+0.048	466 - 998	49.0700	48.8700	48.9232	1.2	48.8082	1.3	48.3482	1.3	107.3
Netherlands	(Fl)	2.6662	-	647 - 676	2.6741	2.6616	2.663	1.4	2.6555	1.6	2.62	1.7	107.2
Norway	(NKr)	10.4105	+0.0024	055 - 155	10.4484	10.3617	10.4093	0.1	10.4075	0.1	10.3991	0.1	98.1
Portugal	(Es)	245.358	+0.11	138 - 577	245.837	244.882	245.958	-2.9	247.808	-3.7	-	-	95.8
Spain	(Pta)	204.816	+0.077	725 - 908	205.551	204.589	205.116	-1.8	205.916	-2.1	208.771	-2.4	79.5
Sweden	(SKr)	11.5724	-0.035	633 - 814	11.6348	11.5282	11.5839	-1.2	11.6099	-1.3	11.7204	-1.3	81.2
Switzerland	(SFr)	2.0089	-0.003	078 - 100	2.0166	2.0047	2.0045	2.6	1.995	2.8	1.9493	3.0	109.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.5
Ecu	-	1.2610	-0.0001	602 - 618	1.2630	1.2588	1.2603	0.6	1.2591	0.6	1.2531	0.6	-
SDR†	-	0.943715	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5607	+0.0054	602 - 612	1.5612	1.5533	-	-	-	-	-	-	-
Brazil	(Cr)	1.3041	+0.0074	029 - 052	1.3052	1.2941	-	-	-	-	-	-	-
Canada	(C$)	2.1884	+0.0124	874 - 893	2.1913	2.1752	2.1908	-1.3	2.1961	-1.4	2.209	-0.9	81.9
Mexico	(New Peso)	8.7483	+0.0611	070 - 896	8.8775	8.6169	-	-	-	-	-	-	-
USA	($)	1.5608	+0.0051	604 - 612	1.5618	1.5538	1.5601	0.5	1.559	0.5	1.5528	0.5	95.5
Pacific/Middle East/Africa													
Australia	(A$)	2.0932	+0.0035	920 - 944	2.0946	2.0868	2.0952	-1.1	2.1006	-1.4	2.1326	-1.9	86.5
Hong Kong	(HK$)	12.0686	+0.0414	647 - 724	12.0751	12.0148	12.0676	0.1	12.0941	-0.8	11.9939	0.6	-
India	(Rs)	48.9682	+0.1655	497 - 866	48.9940	48.7500	-	-	-	-	-	-	-
Israel	(Shk)	4.7121	+0.0095	069 - 173	4.7173	4.6732	-	-	-	-	-	-	-
Japan	(Y)	154.402	+0.618	324 - 481	154.740	153.324	153.872	4.1	152.717	4.4	146.842	4.9	148.9
Malaysia	(M$)	3.9777	+0.0139	759 - 795	3.9796	3.9606	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4609	+0.0023	589 - 628	2.4629	2.4572	2.4642	-1.6	2.4744	-2.2	2.5079	-1.9	98.5
Philippines	(Peso)	38.7079	+0.1589	199 - 958	38.7958	38.4650	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8535	+0.0193	517 - 553	5.8569	5.8275	-	-	-	-	-	-	-
Singapore	(S$)	2.2671	+0.0051	657 - 684	2.2677	2.2584	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5420	+0.0182	394 - 446	5.5446	5.5131	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.1964	-0.034	792 - 136	6.2444	6.1942	-	-	-	-	-	-	-
South Korea	(Won)	1240.45	+9.39	005 - 084	1241.16	1230.79	-	-	-	-	-	-	-
Taiwan	(T$)	41.0686	+0.1697	541 - 830	41.0910	40.8883	-	-	-	-	-	-	-
Thailand	(Bt)	39.1137	+0.1135	880 - 393	39.1398	38.9540	-	-	-	-	-	-	-

†SDR rates for Feb 9. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 10		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.7160	-0.049	140 - 180	10.7880	10.7140	10.7085	0.8	10.6887	1.0	10.556	1.5	105.2
Belgium	(BFr)	31.3770	-0.073	680 - 860	31.5500	31.3550	31.3545	0.9	31.302	1.0	31.082	0.9	107.0
Denmark	(DKr)	6.0015	-0.0185	000 - 030	6.0355	5.9968	5.9997	0.3	5.9965	0.3	5.9865	0.2	105.8
Finland	(FM)	4.6871	-0.034	833 - 908	4.7258	4.6811	4.6844	0.7	4.6801	0.6	4.6698	0.4	83.4
France	(FFr)	5.2763	-0.0165	755 - 770	5.3080	5.2680	5.2737	0.6	5.2697	0.5	5.2488	0.5	106.8
Germany	(DM)	1.5241	-0.005	237 - 246	1.5340	1.5217	1.5228	1.0	1.5196	1.2	1.5036	1.3	108.4
Greece	(Dr)	238.700	-0.425	600 - 800	239.820	238.100	241.7	-15.1	246.45	-13.0	258.85	-8.4	68.2
Ireland	(I£)	1.5501	-0.0005	493 - 508	1.5559	1.5453	1.5503	-0.1	1.5499	0.1	1.5491	0.1	-
Italy	(L)	1614.00	-4	300 - 500	1620.50	1612.30	1616.75	-2.0	1623.8	-2.4	1656	-2.6	73.1
Luxembourg	(LFr)	31.3770	-0.073	680 - 860	31.5500	31.3550	31.3545	0.9	31.302	1.0	31.082	0.9	107.0
Netherlands	(Fl)	1.7082	-0.0057	077 - 087	1.7183	1.7075	1.7067	1.0	1.7031	1.2	1.6845	1.4	106.7
Norway	(NKr)	6.6700	-0.0205	685 - 715	6.7089	6.6532	6.6658	0.8	6.6595	0.6	6.6175	0.8	97.1
Portugal	(Es)	157.200	-0.45	100 - 300	157.890	157.080	157.585	-2.9	158.605	-3.6	163.055	-3.7	95.8
Spain	(Pta)	131.225	-0.385	200 - 250	132.080	131.200	131.455	-2.1	132.045	-2.5	134.82	-2.7	79.1
Sweden	(SKr)	7.4144	-0.047	105 - 183	7.4736	7.4040	7.4242	-1.6	7.4454	-1.7	7.5334	-1.6	80.3
Switzerland	(SFr)	1.2871	-0.0062	867 - 875	1.2965	1.2855	1.2845	2.4	1.2796	2.3	1.2533	2.6	107.5
UK	(£)	1.5608	+0.0051	604 - 612	1.5618	1.5538	1.5601	0.5	1.559	0.5	1.5528	0.5	86.9
Ecu	-	1.2376	+0.0041	373 - 382	1.2385	1.2327	1.238	-0.2	1.2385	-0.2	1.2414	-0.3	-
SDR†	-	1.46825	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	+0.0002	999 - 000	1.0000	0.9999	-	-	-	-	-	-	-
Brazil	(Cr)	0.8355	+0.002	350 - 360	0.8360	0.8340	-	-	-	-	-	-	-
Canada	(C$)	1.4021	+0.0033	018 - 023	1.4038	1.3985	1.404	-1.7	1.4083	-1.8	1.4198	-1.3	81.3
Mexico	(New Peso)	5.6050	+0.04	800 - 300	5.6300	5.5400	5.6058	-0.2	5.6063	-0.1	5.6076	0.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3410	-0.0022	407 - 416	1.3462	1.3407	1.3428	-1.7	1.3474	-1.9	1.3722	-2.3	87.5
Hong Kong	(HK$)	7.7323	+0.001	318 - 328	7.7328	7.7318	7.7335	-0.2	7.7345	-0.1	7.7393	-0.1	-
India	(Rs)	31.3738	+0.0025	700 - 775	31.3775	31.3700	31.4538	-3.1	31.6988	-4.1	-	-	-
Israel	(Shk)	3.0191	-0.0038	165 - 216	3.0254	3.0010	-	-	-	-	-	-	-
Japan	(Y)	98.9250	+0.07	000 - 500	99.3500	98.6500	98.635	3.5	97.935	4.0	94.4	4.6	150.0
Malaysia	(M$)	2.5485	+0.0005	480 - 490	2.5502	2.5470	2.5465	0.9	2.542	1.0	2.526	0.9	-
New Zealand	(NZ$)	1.5788	-0.0037	758 - 775	1.5828	1.5758	1.5793	-2.1	1.5869	-2.8	1.6136	-2.3	-
Philippines	(Peso)	24.8000	+0.02	500 - 500	24.8500	24.7300	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-	501 - 505	3.7501	3.7505	3.7529	-0.8	3.7562	-0.6	3.7678	-0.5	-
Singapore	(S$)	1.4525	-0.0015	520 - 530	1.4545	1.4518	1.4475	4.1	1.4422	2.8	1.4187	2.3	-
S Africa (Com.)	(R)	3.5508	-	500 - 515	3.5525	3.5420	3.5658	-5.1	3.5968	-5.2	3.7528	-5.7	-
S Africa (Fin.)	(R)	3.9700	-0.035	600 - 800	4.0150	3.9600	3.9975	-8.3	4.0475	-7.8	4.28	-7.8	-
South Korea	(Won)	794.750	+3.4	700 - 800	794.800	791.300	797.75	-4.5	801.25	-3.3	819.75	-3.1	-
Taiwan	(T$)	26.3125	+0.022	100 - 150	26.3150	26.2880	26.3325	-0.9	26.3725	-0.9	-	-	-
Thailand	(Bt)	25.0600	-0.01	500 - 700	25.0800	25.0700	25.0725	-0.6	25.0865	-0.4	25.1125	-0.2	-

†SDR rate for Feb 9. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 9. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

February 10	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4 7/8	5 1/8	5 3/8	5 3/4	6 1/4	7.40	4.50	-
week ago	4 7/8	5 1/8	5 7/16	5 13/16	6 5/16	7.40	4.50	-
France	5 9/16	5 1/2	5 5/8	6	6 1/2	5.00	-	6.40
week ago	5 5/16	5 1/2	5 5/8	6 1/8	6 5/8	5.00	-	6.40
Germany	4.93	4.85	5.05	5.20	5.65	6.00	4.50	4.85
week ago	4.93	4.95	5.05	5.25	5.70	6.00	4.50	4.85
Ireland	5 1/4	5 3/8	6 1/8	6 5/8	7 3/8	-	-	6.25
week ago	5 1/4	5 3/4	6 1/4	6 13/16	7 3/8	-	-	6.25
Italy	8 3/8	8 1/8	8 3/4	9 1/8	10	-	7.50	8.20
week ago	8 3/8	8 1/8	8 13/16	9 1/8	10 1/8	-	7.50	8.20
Netherlands	4.84	4.99	5.08	5.27	5.74	-	5.25	-
week ago	4.84	4.99	5.11	5.32	5.81	-	5.25	-
Switzerland	3 3/4	3 3/8	3 7/8	4 1/4	4 1/2	6.625	3.50	-
week ago	3 3/8	3 3/8	3 15/16	4 1/8	4 1/2	6.625	3.50	-
US	6	6 1/8	6 1/4	6 5/8	7 1/4	-	5.25	-
week ago	6	6 1/8	6 1/4	6 5/8	7 1/4	-	5.25	-
Japan	2 1/8	2 1/8	2 1/4	2 3/8	2 7/8	-	1.75	-
week ago	2 1/8	2 1/8	2 1/8	2 1/8	2 1/8	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6 1/8	6 1/4	6 5/8	7 1/8	-	-	-
week ago	-	6 1/8	6 1/8	6 13/16	7 1/8	-	-	-
US Dollar CDs	-	5.93	6.04	6.31	6.92	-	-	-
week ago	-	5.93	6.13	6.48	7.14	-	-	-
SDR Linked Ds	-	4.625	4.812	5.125	5.687	-	-	-
week ago	-	4.625	4.812	5.125	5.687	-	-	-

ECU Linked Ds mid rates: 1 mth: 5 5/8; 3 mths: 5 5/8; 6 mths: 6 1/8; 1 year: 6 5/8. $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 10	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5 1/8 - 5	5 1/8 - 5	5 1/4 - 5 1/8	5 7/16 - 5 5/16	5 13/16 - 5 11/16	6 3/8 - 6 1/4
Danish Krone	6 1/4 - 5	5 3/4 - 5 1/2	5 7/8 - 5 5/8	6 1/4 - 6	6 3/4 - 6 5/8	7 7/16 - 7 5/16
D-Mark	5 - 4 7/8	5 - 4 7/8	5 - 4 7/8	5 1/16 - 4 15/16	5 1/4 - 5 1/8	5 11/16 - 5 9/16
Dutch Guilder	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 1/8 - 5 1/16	5 3/16 - 5 1/16	5 3/8 - 5 1/4	5 15/16 - 5 13/16
French Franc	5 3/8 - 5 1/4	5 7/16 - 5 5/16	5 1/2 - 5 3/8	5 11/16 - 5 9/16	6 - 5 7/8	6 9/16 - 6 7/16
Portuguese Esc.	8 3/4 - 8 1/2	9 - 8 1/2	9 1/4 - 9 1/16	9 7/8 - 9 5/8	10 3/8 - 10 1/8	11 - 10 5/8
Spanish Peseta	8 1/16 - 7 15/16	8 1/8 - 8 1/16	8 9/16 - 8 7/16	8 13/16 - 8 11/16	9 3/16 - 9 1/16	10 - 9 7/8
Sterling	6 3/4 - 6 5/8	6 3/4 - 6 5/8	6 13/16 - 6 11/16	6 15/16 - 6 3/4	7 1/8 - 7 1/16	7 13/16 - 7 11/16
Swiss Franc	3 3/8 - 3 1/8	3 3/8 - 3 1/4	3 5/8 - 3 1/2	3 7/8 - 3 3/4	4 1/8 - 4	4 7/16 - 4 5/16
Can. Dollar	7 7/8 - 7 5/8	7 15/16 - 7 7/16	7 13/16 - 7 11/16	7 15/16 - 7 13/16	8 1/8 - 8	8 3/8 - 8 1/4
US Dollar	6 1/16 - 5 15/16	6 1/16 - 5 15/16	6 1/8 - 6	6 5/16 - 6 3/16	6 11/16 - 6 9/16	7 5/16 - 7 3/16
Italian Lira	9 - 7 1/2	8 7/8 - 8 7/16	8 3/8 - 8 1/4	8 3/4 - 8 5/8	9 1/4 - 9 1/8	10 - 9 7/8
Yen	2 1/4 - 2 1/8	2 1/4 - 2 1/8	2 1/4 - 2 1/8	2 5/16 - 2 1/4	2 7/16 - 2 1/4	2 1/2 - 2 7/16
Asian $Sing	3 7/8 - 3 5/8	4 3/8 - 4 1/4	3 5/8 - 3 1/2	4 3/16 - 4 1/16	4 7/16 - 4 7/16	4 3/4 - 4 5/8

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.56	93.56	-	93.60	93.52	54,153	397,134
Jun	92.95	92.93	-0.04	93.07	92.87	110,795	409,849
Sep	92.58	92.51	-0.08	92.69	92.44	62,532	269,440

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.15	94.15	+0.01	94.17	94.10	1,567	9,351
Jun	93.54	93.48	-0.09	93.58	93.45	1,110	10,771
Sep	-	93.07	-0.11	93.19	93.05	206	5,191

All Open interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 10		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.13	16.82	4.858	2.056	5144	5.444	21.26	501.1	418.2	23.63	4.103	2.042	4.468	3.188	315.3	2.575
Denmark	(DKr)	52.28	10	8.792	2.540	1.075	2689	2.846	11.11	262.0	218.6	12.35	2.145	1.068	2.336	1.666	164.8	1.346
France	(FFr)	59.47	11.37	10	2.889	1.223	3059	3.237	12.64	298.0	248.7	14.05	2.440	1.214	2.657	1.896	187.5	1.531
Germany	(DM)	20.58	3.937	3.462	1	0.423	1059	1.121	4.376	103.2	86.09	4.863	0.844	0.420	0.920	0.656	64.90	0.530
Ireland	(I£)	48.63	9.302	8.178	2.362	1	2501	2.647	10.34	243.7	203.4	11.49	1.995	0.993	2.173	1.550	153.3	1.252
Italy	(L)	1.944	0.372	0.327	0.094	0.040	100.	0.106	0.413	9.742	8.130	0.459	0.080	0.040	0.087	0.062	6.129	0.050
Netherlands	(Fl)	18.37	3.514	3.089	0.892	0.378	944.9	1	3.905	92.05	76.82	4.340	0.754	0.375	0.821	0.586	57.91	0.473
Norway	(NKr)	47.04	8.998	7.911	2.285	0.967	2420	2.561	10	235.7	196.7	11.11	1.930	0.961	2.102	1.500	148.3	1.211
Portugal	(Es)	19.96	3.817	3.356	0.969	0.410	1026	1.086	4.242	100.	83.46	4.715	0.819	0.407	0.892	0.636	62.92	0.514
Spain	(Pta)	23.91	4.574	4.021	1.162	0.492	1230	1.302	5.083	119.8	100.	5.649	0.981	0.488	1.068	0.762	75.39	0.616
Sweden	(SKr)	42.32	8.096	7.118	2.056	0.870	2177	2.304	8.997	212.1	177.0	10	1.736	0.864	1.891	1.349	133.4	1.090
Switzerland	(SFr)	24.38	4.663	4.099	1.184	0.501	1254	1.327	5.182	122.2	101.9	5.759	1	0.498	1.089	0.777	76.85	0.628
UK	(£)	48.97	9.367	8.235	2.379	1.007	2519	2.666	10.41	245.4	204.8	11.57	2.009	1	2.188	1.561	154.4	1.261
Canada	(C$)	22.38	4.281	3.764	1.087	0.460	1151	1.218	4.758	112.2	93.60	5.288	0.918	0.457	1	0.713	70.57	0.576
US	($)	31.37	6.001	5.275	1.524	0.645	1614	1.708	6.669	157.2	131.2	7.412	1.287	0.641	1.402	1	98.91	0.808
Japan	(Y)	31.72	6.067	5.334	1.541	0.652	1631	1.727	6.742	158.9	132.6	7.494	1.301	0.648	1.417	1.011	100.	0.817
Ecu		38.83	7.428	6.531	1.887	0.799	1996	2.114	8.255	194.6	162.4	9.175	1.593	0.795	1.735	1.238	122.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	0.6546	0.6585	+0.0037	0.6593	0.6526	23,797	80,875
Jun	0.6561	0.6608	+0.0038	0.6615	0.6552	537	3,680
Sep	0.6590	0.6634	+0.0039	0.6635	0.6588	32	674

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	0.7741	0.7812	+0.0065	0.7824	0.7728	12,862	39,515
Jun	0.7786	0.7860	+0.0065	0.7870	0.7782	147	1,945
Sep	-	0.7911	+0.0068	0.7914	0.7905	1	175

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	1.0143	1.0143	-	1.0165	1.0096	13,479	74,821
Jun	1.0215	1.0256	+0.0001	1.0272	1.0213	467	7,476
Sep	-	1.0377	+0.0003	1.0390	-	35	705

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	1.5570	1.5598	+0.0034	1.5646	1.5534	9,482	40,358
Jun	1.5576	1.5582	+0.0036	1.5630	1.5510	78	1,599
Sep	-	1.5562	+0.0036	1.5600	1.5510	2	6

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
1.500	5.99	5.95	6.13	-	0.01	0.29
1.525	3.49	3.67	4.12	-	0.21	0.75
1.550	1.04	1.84	2.52	-	0.82	1.57
1.575	-	0.68	1.36	1.36	2.14	2.84
1.600	-	0.17	0.65	3.80	4.07	4.60
1.625	-	-	0.26	6.30	6.39	6.68

Previous day's vol., Calls 10,096 Puts 7,057 . Prev. day's open int., Calls 254,749 Puts 330,047

■ Pound in New York

Feb 10	-- Close --	-- Prev. close --
£ spot	1.5625	1.5576
1 mth	1.5619	1.5569
3 mth	1.5608	1.5558
1 yr	1.5548	1.5491

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Emerging Markets page in today's edition.

FT GOLD MINES INDEX

	Feb 10	% chg since 30/12/94	Feb 9	Mkt Cap $bn	% of Gold Mines	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1721.65	-12.8	1715.38	42.16	100.00	2.22	2337.90	1637.91
■ Regional Indices								
Africa (16)	[illegible]							2304.45
Australasia (7)	[illegible]							1788.20
North America (11)	[illegible]							1348.18

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LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

Feb 10	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 7/16 - 3	6 5/8 - 6 1/16	6 11/16 - 6 7/16	6 13/16 - 6 5/8	7 1/8 - 7	7 13/16 - 7 11/16
Sterling CDs	-	-	6 11/16 - 6 9/16	6 13/16 - 6 5/8	7 1/16 - 6 15/16	7 9/16 - 7 1/2
Treasury Bills	-	-	6 1/2 - 6 3/8	6 1/2 - 6 3/8	-	-
Bank Bills	-	-	6 1/2 - 6 7/16	6 13/16 - 6 5/8	6 7/8 - 6 3/4	-
Local authority deps.	6 7/16 - 6 1/8	6 9/16 - 6 7/16	6 5/8 - 6 1/2	6 3/4 - 6 5/8	7 1/8 - 7	7 11/16 - 7 9/16
Discount Market deps	8 - 6 1/2	6 5/8 - 6 1/2	-	-	-	-

UK clearing bank base lending rate 6 3/4 per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5 3/4	6 3/4	6	6 1/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/2pc.
Ave. tender rate of discount 6.1168pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1995. Agreed rate for period Feb 26, 1995 to Mar 25, 1995, Schemes II & III 7.87pc. Reference rate for period Dec 31, 1994 to Jan 31, 1995, Schemes IV & V 6.624pc. Finance House Base Rate 7pc from Feb 1, 1995

BANK OF ENGLAND TREASURY BILL TENDER

	Feb 10	Feb 3		Feb 10	Feb 3
Bills on offer	£500m	£500m	Top accepted rate	6.1167%	6.1566%
Total of applications	£2180m	£2624m	Ave. rate of discount	6.1168%	6.1594%
Total allocated	£500m	£500m	Average yield	6.2115%	6.2657%
Min. accepted bid	£98.475	£98.465	Offer at next tender	£700m	£500m
Allotment at min. level	100%	100%	Min. accept. bid 182 days	-	-

BANK RETURN

BANKING DEPARTMENT	Wednesday February 8, 1995	Increase or decrease for week
	£	£
Liabilities		
Capital	14,553,000	
Public deposits	1,289,810,071	+564,449,559
Bankers deposits	1,662,413,627	-13,403,004
Reserve and other accounts	3,202,102,479	-808,379,095
	6,118,879,177	-257,332,540
Assets		
Government securities	1,515,808,257	+334,869,999
Advance and other accounts	3,604,389,545	-784,793,547
Premises, equipment and other secs	693,457,425	+175,868,571
Notes	5,276,774	-3,073,011
Coin	166,176	-14,552
	6,118,879,177	-257,332,540
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	18,074,724,226	[illegible]
Notes in Banking Department	5,275,774	-3,073,011
	18,080,000,000	-10,000,000
Assets		
Other Government securities	10,979,370,054	[illegible]
Other Securities	7,100,629,946	[illegible]
	18,080,000,000	-10,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	*Roxburghe Guarantee Corporation Ltd is no longer authorised as a banking institution.	
Allied Trust Bank	6.75	Exeter Bank Limited	7.75		

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

STOCK INDICES

[illegible]

FT CONFERENCE

LONDON MOTOR CONFERENCE
London, 20 February 1995
This annual FT meeting, the tenth in a highly successful series, will focus on block exemption, examine the changing relationship between vehicle manufacturers and dealers and address the issue of competitiveness in the automotive components sector. Speakers include: Professor Garel Rhys OBE, Cardiff Business School; Mr Rudolf Beger, ACEA; Sir Trevor Chinn CVO, Lex Service PLC; David Nicholas, Unipart Industries; Rich Van Leeuwen, Ford Credit Britain and Gérard Chiffert, Rockwell Automotive Light Vehicle Systems.

CABLE, SATELLITE & NEW MEDIA
London, 27 & 28 February 1995
The Financial Times' 14th annual conference is being held at a critical time when the vision of the new media is turning into reality. The conference will offer insights into the latest developments both in the context of business and investment implications and the context of technology. Speakers include Mr Barry Spikings, The Pleskow/Spikings Partnership, USA; Mr Michael Schrage, Massachusetts Institute of Technology; Mr Robert Phillis, British Broadcasting Corporation; Mr Stephen Davidson, TeleWest Communications plc and Mr Stefane France, Premiere Medien GmbH.

WORLD STEEL INDUSTRY
London, 6 & 7 March 1995
This London conference arranged in association with CRU International, will bring together a distinguished panel of speakers from around the world to share their views on the key questions facing the industry. The industry's structure will be of paramount importance, to what extent should European producers form their own alliances or mergers to create a truly international industry? Will privatisation finally lay the subsidies issue to rest? What technology will steelmakers use to achieve the growth they are seeking? Speakers who will be taking part include Mr Brian S Moffat OBE, British Steel plc; Mr Robert J Darnall, Inland Steel Industries Inc; Mr Karel Van Miert, European Commission; Mr Francis Mer, Usinor Sacilor and Mr Robert A Garvey, North Star Steel Company.

INDIA'S ECONOMIC RENAISSANCE - OPPORTUNITIES FOR TRADE, FINANCE AND INVESTMENT
New Delhi, 16 & 17 March 1995
Given the breadth and pace of economic reform that has taken place in India since 1991, this high-level FT forum will provide a unique opportunity to review the government's liberalisation programme and assess business and investment prospects. The meeting will also consider India's competitiveness in world markets and look at the challenges of improving the country's infrastructure. Speakers include Dr C Rangarajan, Reserve Bank of India; Mr Pranab Mukherjee, Minister of Commerce; Sir Robert Wade-Gery KCMG KCVO, Barclays de Zoete Wedd; Mr Dipankar Basu, State Bank of India; Professor Jeffrey D Sachs, Harvard University; Mr Tetsuo Shimura, The Bank of Tokyo; Mr A Stephen Melcher, Eagle Star Holdings; Mr Ferdinand Berger, Shell International Petroleum Company and Mr Everett J Santos, International Finance Corporation. Dr Manmohan Singh, the Minister of Finance, has agreed, in principle, to give the opening address.

WORLD PHARMACEUTICALS
20 & 21 March 1995
This year's FT conference, arranged jointly with Coopers & Lybrand, takes as its theme 'Evolving from pills to healthcare - realising the ambition'. As governments worldwide seek to contain healthcare costs, the marketplace has become more competitive for R&D-based pharmaceutical majors. Many are now looking at new ways of working with the healthcare purchasers, whether in the US free market environment or in European-type social systems. Leading figures will outline their vision and strategies for moving from being pharmaceutical product-based companies to becoming 'healthcare players'.

THE EUROPEAN WATER INDUSTRY
London, 24 & 25 April 1995
At a time when many UK and EC companies are seeking opportunities in fresh markets, the sixth conference in the Financial Times Water Industry series will also consider the cost challenge of meeting EC quality yardsticks and the increasing need to put figures on environmental costs. Speakers include Mr Ian C R Byatt, OFWAT; Mr Nicholas Hood CBE, Wessex Water Plc; Ing António M Taveira, INDAQUA; Dr Johan Bastin, EBRD; Mr David Kinnersley, author of 'Coming Clean, The Politics of Water and the Environment' and Dr Dieter Helm, OXERA.

TELECOMMUNICATIONS IN ASIA-PACIFIC
Hong Kong, 15 & 16 June 1995
Issues to be addressed at the second conference in this series on the dynamic Asia-Pacific telecommunications sector include: The challenges facing state telecommunications companies in the region; investment prospects for international network operators; development of mobile communications; funding for expansion. Speakers include Mr Setyanto P Santosa, PT Telkom Indonesia; Mr Michael J Heath, NYNEX Network Systems Company; Mr Steve Burdon, BT Australasia and Ms Boli Medappa, US West International.

All enquiries should be addressed to: Financial Times Conferences, P O Box 3651, London SW12 8PH, UK. Telephone: 081-673 9000, Fax: 081-673 1335.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 71) 873 4378.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda

Prices for dealing February 10

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Lazard Fund Mngrs - Contd.

[illegible]

Lloyds Intl Money Market Fund Ltd

[illegible]

M & G (Guernsey) Ltd

[illegible]

Prudential Fund Managers (Guernsey) Ltd

[illegible]

Rothschild Asset Management (CI) Ltd

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

Merrill Lynch Guernsey

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

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LUXEMBOURG (REGULATED)(**)

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

	Selling Price	Buying Price	Yield Gross	City-Line
Carl Spaengler KAG				
Long Term Value Trust NAV	$733.86		–	46835
Springfield Fund Mgmt (Gibraltar) Ltd				
Global Liquidity Fd Ltd	$104.01		6.93	54285
Sri Lanka Growth Fund				
NAV Feb 9	$7.87		–	54286

MANAGED FUNDS NOTES

x - Offered price includes all expenses except agent's commission.
z - Previous day's price.
§§ - Guernsey gross.
♦ - Yield before Jersey tax.
† - Ex-subdivision.
‡ - Only available to charitable bodies.
Φ - Yield column shows annualised rates of NAV increase.
xd - Ex-dividend.

LONDON SHARE SERVICE

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		229	......	Q375c	1.9	Oct Apr	3'93	–
Barlow	§	95½	2.2	058c	2.8	Jan Jul	12.12	–
Gold Flds Prop R		144	2.1	060c	♦	Feb Sep	1'94	–
NK Props		65	......	087.1c	–	Feb Sep	10'93	–
SASOL		495	0.4	678c	–	Oct	9'93	–
SA Brews	†	214½	1.7	Q183c	2.2	Jan Dec	21.11	–
Tiger Oats		725	......	085c	2.8	Jan Jul	12.12	–
Tongaat-Hulett	†b	762	8.7	080c	2.4	Feb Aug	1'94	–

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the *Financial Times* Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on ... s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT.

z Dividend includes a special payment; Cover ... 1995. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1995-96. ... W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Gartmore Micro Index Ord & Warrants (Inv Trusts) and Mice Group (Support Servs). Deletions: FPL (Americans) and Scottish Inv Warrants (Inv Trusts).

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT8418. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 39p per minute cheap rate and 49p per minute at all other times.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

4 pm close February 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
14¼	13	AAR	0.48	3.5	24	61	13⅝	13⅜	13⅝	+¼
21⅞	19¼	A L Labs A	0.18	0.9	47	50	20¾	20¾	20¾	-⅛
75¾	70⅛	AMP	1.84	2.5	20	1795	74	73	73⅝	+1
59⅞	53⅞	AMR			26	24960	u60½	58⅛	60¼	+3
48⅞	41⅞	ASA	1.71	3.8	29	661	45	44½	44¾	+¼
36	30¾	AbbotL	0.76	2.2	18	11152	35⅛	34⅝	34¾	-⅛
14	13¼	AbtMbl Pr	0.50	3.8	11	119	13⅛	d13	13	-⅛
24⅜	22¾	ABM Ind	0.60	2.6	14	89	23⅞	23¼	23¼	-½
16⅝	14½	Acptnceln			12	113	16⅛	15¾	16	+¼
25⅞	21⅞	ACE Ltd	0.44	1.7	8	377	25⅝	25½	25⅝	-¼
9⅝	9⅛	ACM Gvt In x	1.09	11.5	6	199	9⅝	9½	9½	-⅛
7½	7⅛	ACM GvOpp x	0.80	11.2		68	7¼	d7⅛	7⅛	
7½	7	ACM Gvt Sp x	0.96	13.0		336	7⅜	7¼	7⅜	+⅛
8⅝	8	ACM Gvt Sa x	1.09	12.8		289	8½	8⅜	8½	+⅛
8½	7⅝	ACM Mgn x	1.08	13.7		361	8	7⅞	7⅞	+⅛
7⅝	7¼	ACM Managd x	0.72	9.8		18	7½	7⅜	7⅜	-⅛
16¼	10¼	AcmeClv	0.48	3.1	9	89	15½	15¼	15½	-⅛
21½	12⅞	Acme Elect			22	255	20	19½	19½	-⅜
34	31⅞	Acordia	0.72	2.1	17	214	33¾	33½	33¾	
10½	8⅞	Actava	0.36	3.4	3	1555	u11	10⅛	10⅝	+¼
16¾	13	Acuson			22	2508	13¾	13⅜	13⅝	+¼
16½	15⅝	Adams Exp	0.36	2.2	0	99	u16½	16⅜	16½	+⅛
64½	53	Ad Micro	3.00	4.8		1048	63¾	62	62¾	-¾
32¼	25	AdvMic	3.00	9.5	9	14238	32⅛	31	31½	+⅜
6⅞	5	Advest Grp	0.16	2.7	30	43	6⅛	6	6	-⅛
18¾	16½	Advo Inc	0.10	0.5	15	292	u18⅞	18⅜	18¾	+¼
68⅛	63⅞	Aegon ADR	1.47	2.2	12	9	65¾	65½	65½	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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4 pm close February 10

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
35⅞	33¼	SFePPipe	2.80	8.0	6	83	35¼	34⅞	35	+⅛
20	17⅛	SanFeP	0.10	0.5	18	7993	u20	19¾	19¾	-⅛
27⅛	24¼	SaraLee	0.68	2.6	54	6116	26¾	26⅛	26⅝	-¼
45⅛	42	Scana Corp	2.82	6.4	13	461	44½	44	44⅛	-⅜
16¾	14½	Scecrp	1.00	6.1	10	4859	16⅝	16¼	16⅝	+⅛
11¼	9⅝	SchwabA	0.25	2.6	35	65	9⅞	9¾	9⅞	
48¼	42⅝	SchererRP			29	205	46⅝	46⅜	46½	+⅛
79⅛	71	ScherPl	2.04	2.6	16	2617	79	78½	78⅝	-⅛
55¼	50⅛	Schlmb	1.20	2.2	24	2513	54⅝	53¾	54¼	
44¾	33⅛	Schwab(C)	0.36	0.8	16	1235	42⅝	42	42⅛	-¼
8⅞	7¾	Schweitzer			8	12	8¾	8⅝	8¾	
21¾	17½	SciAtl	0.06	0.3	27	848	21½	21	21¼	+⅜
18⅛	16⅞	Scotsman	0.10	0.6	13	80	18	17⅝	18	+⅛
78¾	67⅛	ScottP	0.80	1.1	21	3084	76	74¾	75⅝	-¾
30⅛	26⅞	Scripps	0.44	1.5	18	201	29¾	29½	29¾	+¼
21½	15⅝	ScuddrNAsF	0.02	0.1		41	17½	17⅜	17⅜	
9⅛	8⅞	ScuddrNEuF	0.16	1.8		165	u9⅛	9	9	
14⅞	13⅞	SeaCnB	0.70	4.8	9	z100	14½	14⅜	14⅜	
15½	15⅛	SeaC1.4625	1.48	9.5		2	15⅝	15⅝	15⅝	
28	24	S'gate			7	4469	26½	25⅞	26½	+⅜
30⅝	26⅜	Seagrm	0.60	2.0	14	2838	30¼	30	30¼	+⅛
19¾	15¾	Seagull En			179	1837	16¼	16	16⅛	
41⅞	35⅞	Sealed Air			22	30	u41½	41⅛	41½	+¼
49⅞	44⅛	SearsR	1.60	3.4	14	17056	48⅛	47	47	-1½
12	10⅞	Seligm Sel	0.84	7.1		46	11⅞	11¾	11⅞	-⅛
35⅞	28⅛	Sensormat	0.22	0.7	24	2693	31¾	31¼	31⅝	+⅜
25	21⅞	SequaA	0.60	2.5	9	27	24	23¾	24	
27	23	SequaB	0.50	1.9	13	10	26	26	26	+⅛
29⅛	26¼	ServCp	0.42	1.5	19	2538	28⅝	28⅜	28½	

[illegible]

NASDAQ NATIONAL MARKET

4 pm close February 10

[illegible]

AMEX COMPOSITE PRICES

4 pm close February 10

[illegible]

Price data supplied by Telekurs

[illegible]

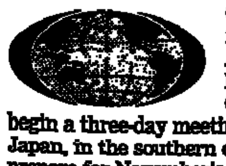
FT GUIDE TO THE WEEK

MONDAY 13

China and US talk on trade

The US and China are due to resume talks in Beijing in an attempt to resolve their row over intellectual property rights, and so avert a trade war. Washington has threatened to implement sanctions against $1.08bn worth of Chinese products from February 26. Beijing has indicated it will take a tough stance in the negotiations.

Apec sherpas confer in Japan



Officials of the 18-member Asia-Pacific Economic Co-operation forum begin a three-day meeting, chaired by Japan, in the southern city of Fukuoka to prepare for November's Apec summit.

The summit aims to agree concrete steps towards fulfilling Apec's agreement to liberalise trade and investment in the Asia Pacific region – representing roughly half world trade and gross domestic product – by the year 2020.

G10 Mexico package

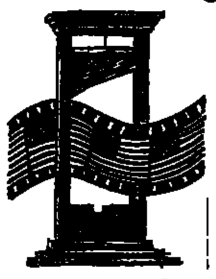
Central bank governors from the Group of Ten leading industrial countries meet in Basle to discuss the contribution of the Bank for International Settlements, the central bankers' bank, to the $50bn financial rescue package for Mexico. The BIS is expected to provide $10bn worth of support, principally from Japan and Europe, with Mexico pledging its foreign exchange reserves as security.

Meet me in Stockholm

Russia's foreign minister Andrei Kozyrev and his UK counterpart Douglas Hurd both visit Stockholm for talks with Ingvar Carlsson, Sweden's prime minister, and his top ministers. The two visits were scheduled as bilateral affairs, but Mr Kozyrev and Mr Hurd are expected to use the chance for a get-together on Tuesday to discuss such issues as Chechnya, Russia's reform programme and Bosnia.

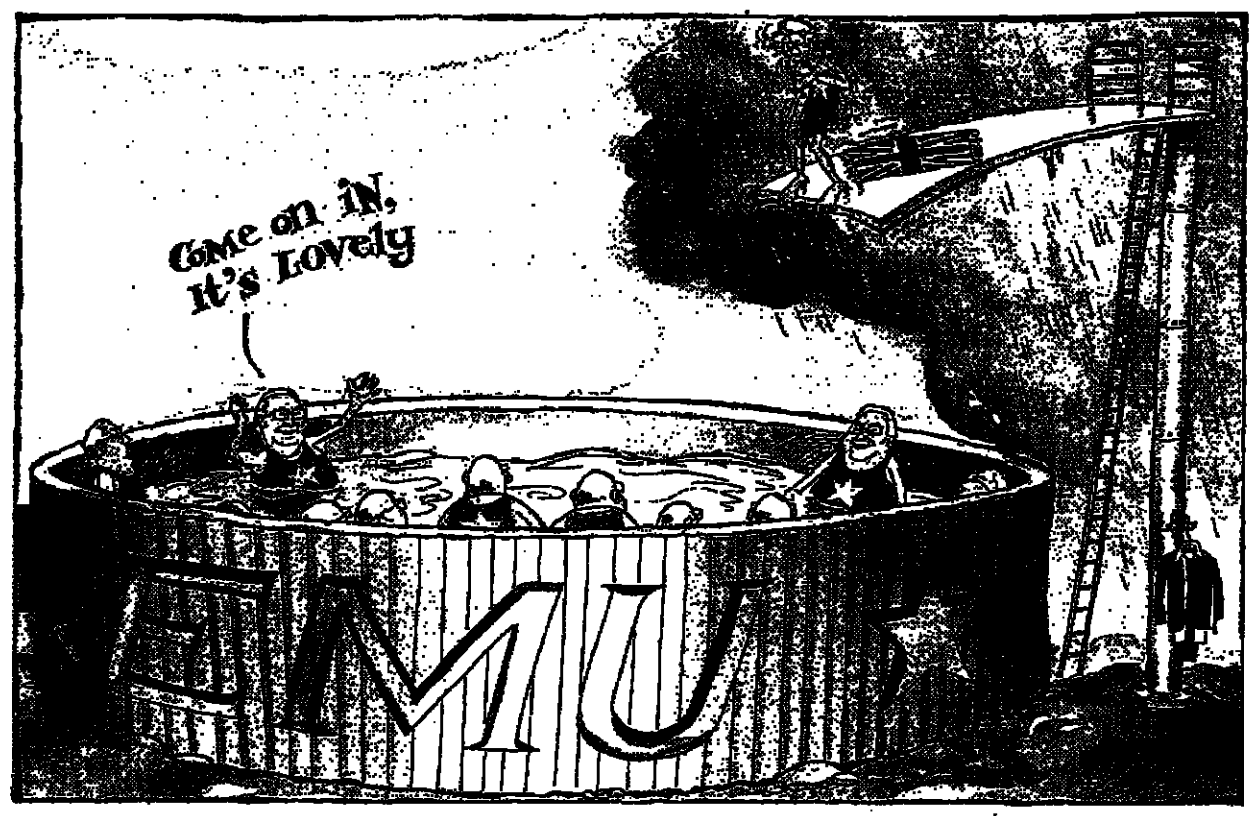
Sweden's concerns with Russia include still-delicate relations between Moscow and the three former Soviet Baltic states whose independent development Stockholm has championed.

Euro-culture fights back



Arguments over how to protect European culture from being swamped by US films, TV series, books and software will re-surface at a two-day meeting for European Union culture and communications ministers in Bordeaux, hosted by Jacques Toubon, France's minister for culture and the French language.

France's goal of tightening restrictions on European broadcasters within its six-month EU presidency appears to be slipping from its hands, but the case for quotas is likely to be put forcefully by Mr Toubon.



Major wavers: As other members of the European Union prepare for monetary union, the UK prevaricates in the cold

Dresden raid remembered

Dignitaries from Britain and Germany commemorate the 50th anniversary of the Allied fire-bombing of Dresden. The city authorities have organised exhibitions, concerts and readings to recall that night when nearly 39,000 people were killed following two air raids.

President Roman Herzog of Germany, who will give the main speech, will emphasise the need for reconciliation.

TUESDAY 14

Rifkind visits Czech Republic

The UK defence minister Malcolm Rifkind starts a two-day official visit to the Czech Republic. Mr Rifkind and his Czech counterpart Vilem Holan will attend Czech-British manoeuvres in Bohemia staged by Britain's crack Royal Marine Corps and the Czech Republic's Rapid Deployment Force. They will be the two countries' first joint military exercises since the second world war.

German coal policy

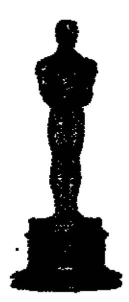
Germany's Chancellor Helmut Kohl chairs a crucial meeting of his governing coalition partners to decide how the uncompetitive coal sector can be financed.

The current Kohlepfennig, an annual DM7.5bn ($4.9bn) levy on industrial and domestic electricity consumers, has been deemed unconstitutional.

Oscar commemoration

A plaque in honour of Oscar Wilde is to be unveiled in Poets' Corner in London's Westminster Abbey, on the centenary of the opening night of The Importance of Being Earnest, the writer's comic masterpiece.

Oscar nomination



This week Hollywood clears its calendar for the run-up to the Academy Awards or Oscars. Nominations will be announced, with Tom Hanks (Best Actor) and Jessica Lange (Best Actress) likely to be high among them, closely followed by Best Film contenders *Forrest Gump* and *Pulp Fiction*. The award ceremony is on March 27.

Holidays

Sri Lanka, Thailand.

WEDNESDAY 15

EU discusses aid budget

European Union foreign ministers are expected to meet in a last-ditch attempt to agree the size of the next European Development Fund budget. Germany and Britain are seeking cuts in their contributions while France, which holds the rotating EU presidency, wants to ensure the financial package retains its value in real terms.

Trans Dnestr negotiations

Mircea Snegur, president of Moldova, and Igor Smirnov, leader of the breakaway Trans Dnestr region, are scheduled to meet in Tiraspol, capital of the separatist republic, for talks.

Trans Dnestr launched a bloody bid for independence some three years ago, but observers hope negotiations between the two leaders could be part of a gradual normalisation of relations.

SA court deliberates

South Africa's potentially powerful Constitutional Court holds its first session in Braamfontein, Johannesburg. The 11-member court has the power to reject any law which contradicts the set of principles that form the current interim constitution.

The court's first task will be to decide whether capital punishment violates the right to life enshrined in the interim constitution.

Santer goes to Strasbourg

Jacques Santer, his Commission having been approved by MEPs last month, regales the European Parliament with details of the Commission's programme.

THURSDAY 16

Yeltsin addresses the Duma

Russia's president, Boris Yeltsin, may give a much postponed state of the union address to the Russian legislature. The address, which could be delayed until Friday or later, is expected to indicate the strength of Mr Yeltsin's commitment to economic reform and could be the beginning of an extensive reorganisation in the armed forces.

Rabin and Arafat meet

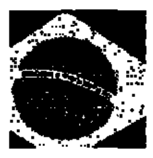
Israel's prime minister Yitzhak Rabin meets Yassir Arafat, the Palestinian leader, for talks at the Israel-Gaza border, amid growing fears of an impending collapse in peace talks.

The two will focus on Israel lifting its economic blockade of the Gaza Strip and West Bank in return for Palestinian security measures against Islamic extremists.

Japan-EU car talks

Japan and European Union begin a politically sensitive two days of annual bargaining in Tokyo attempting to set the level of Japanese car exports to the European Union for the coming year.

Brazilian constitution



Brazil's president, Fernando Henrique Cardoso, sends a package of proposals for changing the constitution to Congress, where discussions are expected to last several months. The reforms, which the government claims are vital to modernise the state and the economy, include proposals to increase foreign involvement in such areas as mining and public utilities. The government also wants to overhaul the creaking tax and social security systems which will otherwise threaten its budget balance.

Lomé negotiations

The final round of ministerial negotiations between the European Union and African, Caribbean and Pacific countries to review the Lomé IV convention begins in Brussels (to Feb 17). The meeting is expected to agree additions to the convention, including greater "conditionality" which ties aid disbursement to human rights.

Caricom ponders Nafta

Heads of government of the Caribbean Community (Caricom) meet in Belize to discuss the impact on the Community of the North American Free Trade Agreement and the effect of the economic changes in Mexico (to Feb 17).

UK politics

The opposition Labour party defends the Commons seat of European transport commissioner Neil Kinnock in a by-election at Islwyn, south Wales. Labour is certain to win, so interest will focus on the Conservative candidate's ability to hold the party's share of the vote at the 1992 general election, and the performance of the nationalist Plaid Cymru.

Saleroom

A smaller version of Tissot's large painting "October" goes under the gavel at Sotheby's New York. Tissot depicts his mistress and muse, Mrs Kathleen Newton, swathed in black frills, furs and feathers and silhouetted against a backdrop of golden chestnut leaves. The estimate is between $1.2m and $1.8m.

Holidays

Lithuania.

FRIDAY 17

SA parliament convenes

President Nelson Mandela opens the second session of South Africa's first democratically elected parliament in Cape Town. The heavy legislative programme includes a new law governing labour relations.

Portuguese party congress

Portugal's ruling Social Democrats (PSD) begin a three-day congress to elect a successor to Aníbal Cavaco Silva, party leader and prime minister since 1985. His decision to withdraw, possibly to run for the presidency in 1996, has left the centre-right PSD facing a divisive leadership struggle before a general election due in October.

SATURDAY 18

Rwandan refugees

A UN-sponsored conference in the Burundi capital Bujumbura confronts a moral dilemma when it looks at ways to assist refugees from Rwanda. The Hutu dominated government was overthrown last summer by Tutsi-led rebels after the massacre of up to 1m Tutsis by Hutu troops and civilians. Some of the estimated 2m refugees who sought sanctuary in Burundi, Zaire and Tanzania, however, were implicated in the genocide, and fear reprisals should they return.

Turkish politics

Two of Turkey's left wing parties make another stab at unity at a special conference in Ankara. An attempt to merge in January failed over a leadership dispute. The SHP and CHP social democratic parties have agreed on a compromise leader but remain divided over which party will dominate the new grouping. Prime Minister Tansu Çiller's government could fall if the SHP, her junior coalition partner, does merge with the opposition CHP.

Rugby

In the Five Nations contest, Wales, reigning champions, play England in Cardiff and France meet Scotland in Paris. England looked unstoppable against France two weeks ago and before that France outplayed Wales. But form can count for little in Cardiff where England often struggle.

SUNDAY 19

State elections in Hesse

The vote in Hesse, governed by the Social Democrats in coalition with the Greens, may see the Free Democrats, junior partner in the federal coalition, jump the 5 per cent hurdle to enter the regional parliament after seven failed attempts in past state elections. The incumbents are expected to be returned to office.

Compiled by Patrick Stiles.
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ECONOMIC DIARY

Other economic news

Monday: The annual rate of UK factory gate inflation is thought to have picked up in January, in part because of the rise in excise duties announced in December's "mini-Budget". Higher commodity prices may also have pushed up the annual rate of increase in fuel and raw material costs.

Tuesday: The latest survey of manufacturers by the Confederation of British Industry should indicate whether UK economic growth is slowing.

Early evidence suggests that department store sales in the US have picked up slightly in January after December's fall.

Wednesday: Seasonal adjustment problems may produce a surprise rise in UK January unemployment, while retail price inflation is also expected to have exceeded the Government's long-term target range.

US inflation is predicted to have risen in January, despite recent moderation in retail sales.

Thursday: Economic growth in Mexico may have slowed in the last quarter of 1994.

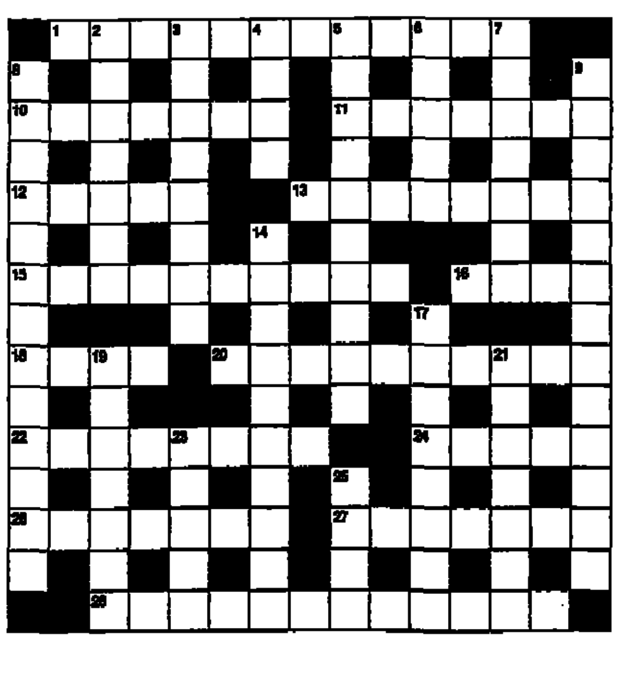
Friday: The US trade deficit is thought to have widened for the fourth successive month in December, reflecting import growth and no boost yet to exports from the weaker dollar.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	Jan producer price indx input*	0.4%	0.4%
Feb 13	UK	Jan producer price indx input**	9.6%	8.5%
	UK	Jan producer price indx output*	0.7%	0.7%
	UK	Jan producer price indx output**	3%	2.6%
	UK	Jan PPI, ex-food, drink & tobacco**	3%	2.8%
	Spain	Dec producer price indx**	5.2%	4.9%
Tues	US	Jan retail sales	0.4%	-0.1%
Feb 14	US	Jan retail sales, ex-autos	0.6%	0.0%
	US	Jan Atlanta Fed indx	-	11.1
	US	Johnson Redbook, w/e Feb 11	-	-4.7%
	Japan	Dec mach ord, ex-elec power/ships*	10%	0.1%
	Japan	Dec mach ord, ex-elc power/ships**	10.3%	4.7%
	Japan	Jan wholesale price indx*	0.0%	0.3%
	Japan	Jan wholesale price indx**	-1.2%	-1.1%
	Spain	Jan consumer price indx**	4.9%	4.3%
Wed	US	Jan consumer price indx	0.3%	0.2%
Feb 15	US	Ditto, ex-food & energy	0.3%	0.1%
	US	Jan industrial production	0.4%	1%
	US	Jan capacity utilisation	85.6%	85.4%
	US	Dec business inventories	0.5%	0.7%
	Japan	Dec industrial production†	-	3%
	Japan	Dec shipments†	-	3.1%
	UK	Jan unemployment	-35,000	-55,000
	UK	Jan retail price indx*	0.0%	0.5%
	UK	Jan retail price indx**	3.3%	2.9%

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Wed	UK	Ditto, ex-mortgage int payments	2.8%	2.5%
Feb 15	UK	Jan retail sales*	0.2%	0.5%
(cont)	UK	Jan retail sales**	2.6%	3.8%
	UK	Dec average earnings	3.75%	3.75%
	UK	Dec unit wages for 3 months**	-1%	-1.3%
Thur	US	Jan housing starts	1.48m	1.54m
Feb 16	US	Jan building permits	-	1.40m
	US	Initial claims, w/e Feb 6	325,000	318,000
	US	State benefits, w/e Feb 4	-	2.5m
	US	M2, w/e Feb 6	$6bn	-
	US	Feb Philadelphia Fed indx	-	10.4
	Japan	Jan money supply, M2/cash depos**	3%	2.9%
	Japan	Jan broad liquidity**	-	3.8%
	UK	Jan public spend borrowing req	-£2.5bn	£0.7bn
	Canada	Dec manufacturing new orders*	1%	2.5%
Fri	US	Dec trade bal, goods & services	-$10bn	-$10.5bn
Feb 17	US	Dec goods & services, export	$61.8bn	$61.2bn
	US	Dec goods & services, import	$71.8bn	$71.7bn
	US	Feb Michigan sentiment, prelim	-	97.6
During the week...				
	Japan	Jan trade balance, custom cleared	-	$6.1bn
	Germany	January wholesale price indx*	0.3%	0.7%
	Germany	Jan producer price indx*	0.4%	0.1%
	Germany	Jan producer price indx**	1.6%	1.6%

*month on month, **year on year, †seasonally adjusted. *Statistics, courtesy MMS International*



ACROSS

1 Shower or storm Dante created (12)
10 Train, say? (7)
11 Complaint about a gumboil one ignored (7)
12 French painter taking care of decay (5)
13 Tell nearly everyone to be casual (8)
15 Completely motionless flowers to cultivate (5-5)
16 Revise current returns (4)
18 Flower not wholly Hibernian (4)
20 Female detective has to avoid wood sheltering king (4,6)
22 Fixed up in last marriage (6)
24 Right-angled measure? (5)
26 Crusaders' foe left out in Dallas plot (7)
27 Thrilled inside to be eating less (7)
28 Loose strap dangles like US banner (4-6)

DOWN

2 Grass snake finally suffering asp rot? (7)
3 Go past extra before the filming of one scene (8)
4 Moderate standing orders (2-2)
5 Inexorable seller sent out (10)
6 Speed and rhythm of revolutionary work came together (5)
7 With fresh weapons get back to sea (7)
8 Is purest sonic form striking musician? (13)
9 It takes a turn for the better (8,5)
14 Multiplication on board for youngsters (10)
17 Lanky Scots go with heather (8)
19 A naughty child drinks and spits (7)
21 Foreign craft of a sanctimonious villain (7)
23 In Howard's End – one has a passage here from Forster (5)
25 Festival for which a convict turns up (4)

MONDAY PRIZE CROSSWORD
No.8,685 Set by CINCINNUS

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday February 23, marked Monday Crossword 8,685 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. *Solution on Monday February 27.*

Name...

Address...

....

Winners 8,676

M.D. Morrice, Guildford, Surrey
T.E. Clarke, Letcombe Regis, Oxon
Mrs S.M. Emmett, Blackwell, Co Durham
N. Freake, London E4
M. Lander, Southport, Merseyside
A.I. Ogus, Dobcross, Oldham

Solution 8,676